Registered No. 2390006

# KENWOOD APPLIANCES LIMITED

Report and Financial Statements

31 December 2007

## DIRECTORS AND ADVISORS

**DIRECTORS**
D Meló
F De'Longhi
G De'Longhi

**SECRETARY**
Mr I Fry

**INDEPENDENT AUDITORS**
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Savannah House
3 Ocean Way
Ocean Village
Southampton
Hampshire
SO14 3TJ

**REGISTERED OFFICE**
Kenwood Business Park
New Lane
Havant
Hampshire
PO9 2NH

# DIRECTORS' REPORT
For the year ended 31 December 2007

The directors present their annual report and the audited financial statements of the company for the financial year ended 31 December 2007.

## PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company's principal activity is the holding company for Kenwood's subsidiary undertakings operating in the United Kingdom and overseas largely in the manufacturing and distribution of domestic appliances.

The business will continue to be the holding company for Kenwood's subsidiary undertakings operating in the United Kingdom and overseas.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development and position of the business.

## RESULTS AND DIVIDENDS

The loss after taxation for the year amounted to £1,099,000 (31 December 2006: profit £805,000).

The directors do not recommend the payment of a dividend (31 December 2006: £nil).

## SHARE CAPITAL

The company allotted 260 million Ordinary Shares of 10p each fully paid, to its immediate parent undertaking, De'Longhi Household S.A., for a total consideration of £26 million on 21 December 2007. The company used these funds to subscribe for additional shares in a wholly owned subsidiary, Kenwood Appliances Luxembourg S.A. on 24 December 2007 in order to strengthen the capital position of the subsidiary undertaking.

## POST BALANCE SHEET EVENTS

The company received a dividend of £7,700,000 from a wholly owned UK undertaking, Kenwood International Limited, on 21 February 2008.

## DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Company's assets and liabilities include the following financial instruments:

- cash, liquid resources and short-term debtors and creditors that arise directly from the company's activities.

The company does not enter into forward exchange contracts as a means of limiting its exposure to foreign currencies, due to the low level of currency balances held.

## FINANCIAL AND BUSINESS RISK

The potential areas of risk arising from the Company's financial instruments are foreign currency risk, interest rate risk, and liquidity risk.

### *Foreign currency risk*

The Company's profits and net assets are not significantly affected by currency movements as only a very low level of the Company's assets and liabilities are denominated in currencies other than sterling. Dividends receivable from overseas subsidiaries may however give rise to exchange gains or losses.

### *Interest rate risk*

The Company's finances are assisted by short-term borrowing facilities. Changes in interest rates affect the Company's bottom line profit/(loss).

DIRECTORS' REPORT (continued)
For the year ended 31 December 2007

***Liquidity risk***
Any additional funding requirements may be met by short term borrowing, potentially supported by the ultimate parent company, De'Longhi S.p.A.

***Investment risk***

In addition, the company carries investment risk, but mitigates this by investing only in other De'Longhi group companies, of which it has a good working knowledge.

**INDEPENDENT AUDITORS**
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

**DONATIONS**
No charitable donations were made by the Company during 2007 (2006: £nil).

**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**By order of the Board**

**I Fry**
**Secretary**

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 UK 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the board of directors on 12 January 2009

and

signed on their behalf by:-

**I Fry**
**Secretary**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENWOOD APPLIANCES LIMITED**

We have audited the financial statements of Kenwood Appliances Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 misstatements 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

**PricewaterhouseCoopers LLP**
**Chartered Accountants and Registered Auditors**
**Southampton**

13 January 2009

# PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2007

| | Notes | Year ended 31 December 2007 £000 | Year ended 31 December 2006 £000 |
|---|---|---|---|
| Administrative expenses | | (76) | (86) |
| Exchange gain / (loss) on translation of loan balances | | 281 | (59) |
| Exceptional item – investments impairment provision | 2 | (1,734) | - |
| **OPERATING LOSS** | 3 | (1,529) | (145) |
| Income from investments | 5 | 1,741 | 2,041 |
| Interest receivable | 6 | 22 | 6 |
| Interest payable | 7 | (1,791) | (884) |
| **(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION** | | (1,557) | 1,018 |
| Taxation on (loss) / profit | 8 | 458 | (213) |
| **(LOSS) / RETAINED PROFIT FOR THE YEAR** | 14 | (1,099) | 805 |

There are no gains or losses for the year attributable to the members other than the loss for the year of £1,099,000 (Year ended 31 December 2006: profit £805,000). Therefore no separate statement of total recognised gains and losses has been presented.

The results for both periods are derived from continuing operations and there are no material differences between the loss (2006: profit) on ordinary activities before tax and the loss (2006: retained profit) for the year stated above and their historical cost equivalents.

## BALANCE SHEET
At 31 December 2007

| | Notes | *31 December 2007 £000* | *31 December 2006 £000* |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Investments | 9 | 109,756 | 85,408 |
| **CURRENT ASSETS** | | | |
| Debtors | 10 | 1,102 | 3,176 |
| Cash at bank and in hand | | 229 | 224 |
| | | 1,331 | 3,400 |
| **CREDITORS:** amounts falling due within one year | 12 | (28,118) | (30,740) |
| **NET CURRENT LIABILITIES** | | (26,787) | (27,340) |
| **NET ASSETS** | | 82,969 | 58,068 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 13 | 30,586 | 4,586 |
| Share premium | 14 | 25,101 | 25,101 |
| Special reserve | 14 | 33,000 | 33,000 |
| Profit and loss account | 14 | (5,718) | (4,619) |
| **TOTAL SHAREHOLDER FUNDS** | 14 | 82,969 | 58,068 |

The financial statements on pages 6-16 were approved by the board of directors on 12 January 2009 and were signed on its behalf by:

**D Meló**

**Director**

## 1. ACCOUNTING POLICIES

*Accounting convention*
These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are set out below.

These financial statements present information about the company as an individual undertaking and not about its group. Kenwood Appliances Limited (formerly Kenwood Appliances plc) is a wholly owned subsidiary undertaking of an EU parent undertaking and, as such, avails itself of the exemption from preparing consolidated financial statements under section 228 of the Companies Act 1985.

*Cash flow statement*
The Company has utilised the exemptions provided under Financial Reporting Standard No. 1 (Revised) and has not presented a cash flow statement. A cash flow statement has been presented in the group financial statements of the ultimate parent undertaking (see note 16).

*Deferred Taxation*
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled into replacement assets and charged to tax only when the replacement assets are sold.

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

*Foreign currencies*
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

*Investments*
Investments in subsidiary companies are shown at cost less provisions for impairment.

## 2. EXCEPTIONAL ITEM - INVESTMENTS IMPAIRMENT PROVISION

| | *Year ended 31 December 2007 £000* | *Year ended 31 December 2006 £000* |
|---|---|---|
| Impairment provision in year (note 9) | 1,734 | - |

## 3. OPERATING LOSS

Auditors remuneration for the year was not borne by the Company, but was incorporated within the overall auditors remuneration of a subsidiary undertaking.

## 4. DIRECTORS' REMUNERATION

The directors received no remuneration from the Company during the year (Year ended 31 December 2006 £Nil), their duties being incidental to the duties on behalf of the Group.

The Company has no employees.

## 5. INCOME FROM INVESTMENTS

| | *Year ended 31 December 2007 £000* | *Year ended 31 December 2006 £000* |
|---|---|---|
| Dividends received from subsidiaries | 1,741 | 2,041 |
| | 1,741 | 2,041 |

The dividends in both years were received from De'Longhi Capital Services S.p.A.

## 6. INTEREST RECEIVABLE

| | *Year ended 31 December 2007 £000* | *Year ended 31 December 2006 £000* |
|---|---|---|
| Interest receivable on bank balances | 22 | 6 |

## 7. INTEREST PAYABLE

| | *Year ended 31 December 2007 £000* | *Year ended 31 December 2006 £000* |
|---|---|---|
| Interest payable on intercompany balances | 1,790 | 884 |
| Bank interest payable | 1 | - |
| | 1,791 | 884 |

## 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

| a) Analysis of tax credit / (charge) in period | *Year ended 31 December 2007 £000* | *Year ended 31 December 2006 £000* |
|---|---|---|
| Based on the (loss) / profit for the period | | |
| Current tax: | | |
| UK Corporation tax at 30% | - | - |
| Other current tax: | | |
| Charge in respect of prior periods | - | (743) |
| Total current tax | - | (743) |
| Group relief | | |
| Tax losses surrendered for payment at 30% | 666 | - |

| | | |
|---|---|---|
| Deferred tax: | | |
| (Charge) / credit for period | (208) | 269 |
| Credit in respect of prior periods | - | 261 |
| Total deferred tax | (208) | 530 |
| Tax credit / (charge) on (loss) / profit on ordinary activities | 458 | (213) |

b) Factors affecting tax credit / (charge) for the period

The tax assessed for the period is higher (2006: lower) than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

| | *2007* *£000* | *2006* *£000* |
|---|---|---|
| (Loss) / Profit on ordinary activities before tax | (1,557) | 1,018 |
| Profit multiplied by standard rate of corporation tax in the UK of 30% | (467) | 305 |
| *Effects of:* | | |
| Losses surrendered as group relief | 666 | - |
| Dividends received not taxable | (522) | (612) |
| Provision for expenses utilised in period | (208) | - |
| Tax losses carried forward | - | 270 |
| Investments impairment provision not tax deductible | 520 | - |
| Other expenses not tax deductible | 11 | 37 |
| Total current tax for period | - | - |

Other factors which may affect the tax position of the company are detailed in note 15.

## 9. INVESTMENTS

| | *2007* | *2006* |
|---|---|---|
| | *£000* | *£000* |
| Investments in subsidiary undertakings | 109,756 | 85,408 |

***Investments in subsidiary undertakings***

| | *Historical cost £000* | *Impairment provision £000* | *Net book value £000* |
|---|---|---|---|
| At 31 December 2006 | 85,408 | - | 85,408 |
| Additional investment in the period | 26,082 | - | 26,082 |
| Impairment provision in year | - | (1,734) | (1,734) |
| At 31 December 2007 | 111,490 | (1,734) | 109,756 |

The company subscribed for additional shares in a wholly owned subsidiary undertaking, Kenwood Appliances Luxembourg SA, at a cost of £26,082,000 on 24 December 2007. The purpose of the subscription was to strengthen the capital position of the subsidiary undertaking. Kenwood Appliances Limited largely funded the subscription by way of an allotment of its own shares for £26,000,000 on 21 December 2007 (see note 13).

The company has reviewed the carrying value of its investments in subsidiary undertakings. As a result of this review the company has made an impairment provision of £1,734,000 against the cost of its investment in one of its overseas trading subsidiaries. The provision has reduced the carrying value of the investment from the original cost of the investment to the estimated enterprise value of the subsidiary undertaking (applying a weighted average cost of capital of 7.5% to forecast cash flows), less net debt.

| *Name of Company* | *Country of registration (or incorporation) and operation* |
|---|---|
| Ariete S.p.A. | Italy |
| Kenwood Limited | England |
| Kenwood International Limited | England |
| * Kenwood Manufacturing GmbH | Austria |
| * Kenwood Appliances (Malaysia) SND BHD | Malaysia |
| Kenwood Appliances Luxembourg SA | Luxembourg |
| * Kenwood Appliances (Singapore) Limited | Singapore |
| * Kenwood Home Appliances (PTY) Limited | South Africa |
| De'Longhi Capital Services S.p.A. | Italy |

* denotes that shares are held through an intermediate holding company.

All the undertakings are wholly owned, with the exception of De'Longhi Capital Services S.p.A (where the holding is 88.68%). The company owns 50% of the shares in Ariete S.p.A. directly, the other 50% is owned by another subsidiary undertaking, Kenwood International Limited.

De'Longhi Capital Services S.p.A. is engaged in making portfolio, cash and securities investments on behalf of the De'Longhi Group. Kenwood Appliances Luxembourg SA is engaged in the collection of licence fees and royalties arising from the use of the Kenwood trademark. Kenwood International Limited acts as the intermediate holding Company for overseas subsidiary undertakings. All other subsidiary undertakings are principally engaged in the manufacture and/or distribution of domestic appliances.

Kenwood Appliances Limited is a wholly owned subsidiary of an EU parent undertaking and, as such, avails itself of the exemption from preparing consolidated financial statements under section 228 of the Companies Act 1985.

## 10. DEBTORS

| | *2007* | *2006* |
|---|---|---|
| | *£000* | *£000* |
| Amounts owed by subsidiary undertakings | 666 | 2,546 |
| Other debtors | 114 | 100 |
| Deferred tax asset (note 11) | 322 | 530 |
| | 1,102 | 3,176 |

Amounts due from subsidiary undertakings are unsecured, interest free or for certain balances interest is charged at 0.75% above the EBR and repayable on demand.

## 11. DEFERRED TAX ASSET

| | *2007* | *2006* |
|---|---|---|
| | *£000* | *£000* |
| Estimated recoverable within one year | 322 | 530 |

The company's potential deferred tax asset comprises the following major components, calculated at the current standard corporation tax rate of 30%:

| | Recognised | | Not Recognised | |
|---|---|---|---|---|
| | 2007 | 2006 | 2007 | 2006 |
| | *£000* | *£000* | *£000* | *£000* |
| Provision for expenses deductible in future periods | - | 208 | - | - |
| Tax losses carried forward | 322 | 322 | - | - |
| | 322 | 530 | - | - |

The deferred tax asset has not been discounted. The total potential deferred tax asset at 31 December 2007 is £322,000 (2006: £530,000). The decrease in the year of £208,000 is attributable to the current year movement (see note 8a) resulting from a provision for expenses brought forward from previous periods being utilised in the year ended 31 December 2007.

| | *Year ended 31 December 2007 £000* |
|---|---|
| Asset recognised at 1 January 2007 | 530 |
| Deferred tax charge in profit and loss account for the period (note 8a) | (208) |
| Asset recognised at 31 December 2007 | 322 |

The recovery of the deferred tax asset recognised in the accounts has been assessed having regard to the estimated group relief capacity of the company's UK subsidiaries. These indicate that the company will recover the recognised asset by surrendering its losses to its UK subsidiaries in return for payment for the losses surrendered at the standard corporation tax rate of 30%.

## 12. CREDITORS: amounts falling due within one year

| | *2007 £000* | *2006 £000* |
|---|---|---|
| Bank overdrafts | 927 | - |
| Amounts owed to subsidiary undertakings | 26,119 | 29,915 |
| UK Corporation tax | 743 | 743 |
| Accruals | 1 | 82 |
| Sundry other creditors | 328 | - |
| | 28,118 | 30,740 |

Amounts due to subsidiary undertakings are unsecured, interest free or for certain balances interest is charged at 0.75% above the EBR and repayable on demand.

## 13. SHARE CAPITAL

| | *Authorised* | | *Allotted, called up and fully paid* | |
|---|---|---|---|---|
| | *2007 No.* | *2006 No.* | *2007 £000* | *2006 £000* |
| Ordinary shares of 10p each | 500,000,000 | 201,680,000 | 30,586 | 4,586 |

The company increased its authorised share capital to 500 million Ordinary Shares of 10p each on 17 December 2007.

The company allotted 260 million Ordinary shares of 10p each, fully paid, to its immediate parent undertaking, De'Longhi Household S.A., for a total consideration of £26 million on 21 December 2007.

The company used these funds to subscribe for additional shares in a wholly owned subsidiary undertaking, Kenwood Appliances Luxembourg S.A. (see note 9).

## 14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

| | *Share Capital* | *Share premium account* | *Non distributable special reserve* | *Profit and loss account* | *Total* |
|---|---|---|---|---|---|
| | *£000* | *£000* | *£000* | *£000* | *£000* |
| At 31 December 2006 | 4,586 | 25,101 | 33,000 | (4,619) | 58,068 |
| Shares allotted in year | 26,000 | - | - | - | 26,000 |
| Loss for the year | - | - | - | (1,099) | (1,099) |
| At 31 December 2007 | 30,586 | 25,101 | 33,000 | (5,718) | 82,969 |

## 15. CONTINGENT LIABILITIES

The directors, after taking advice, consider that the dividend of £1.7 million receivable from an Italian subsidiary in 2007 (2006: £2.0 million) (see note 4) is not taxable in the UK on the grounds that the relevant UK tax legislation under which it is potentially taxable is in breach of Article 43 of the EC Treaty because it hinders the freedom of establishment within the EU. The supremacy of EU law over UK tax law is however an area of uncertainty and there remains the possibility of the benefit of the EC Treaty being denied.

In December 2004 the company assigned its interest in the Kenwood Trade Marks to a Luxembourg subsidiary. The directors consider that the Trade Marks were assigned at their open market value, and their opinion is supported by an independent valuation. HM Revenue and Customs ("HMRC") has performed an initial review of the valuation. As a result of this review HMRC has indicated that it may be too low for UK tax purposes and, consequently, they have requested further information. The directors remain confident that no additional corporation tax over that recorded in these accounts will become payable as a result of HMRC's review, but they acknowledge that there is a significant degree of uncertainty inherent in the valuation process and consequently in the range of possible outcomes of negotiations with HMRC in agreeing the valuation. The amount of tax involved might be substantial. Under these circumstances of significant uncertainty, the directors do not consider it possible for the company to make a reasonable estimate of any additional tax liability which could arise from the assignment of the Trade Marks if HMRC was to successfully challenge the current valuation.

Kenwood Marks Limited ("Marks"), a UK company which Kenwood Appliances Limited sold in 2004, claimed a total of £7.9 million tax losses from other members of the De Longhi group for the three years ended 31 December 2004. HM Revenue and Customs is enquiring into the tax returns of the surrendering companies for 2004 and 2005 and, while the directors are confident no adjustments will arise, it is possible the group relief surrendered to Marks will be reduced. In this event Kenwood Appliances

Limited may have an obligation to settle any tax liability (including interest thereon) which arises in Marks.

## 16. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is De'Longhi Household S.A. (previously named De'Longhi Finance S.A.). The Company's ultimate parent undertaking and controlling party is De'Longhi S.p.A., which is the parent undertaking of the smallest and largest group to consolidate these financial statements and is incorporated in Italy. Copies of its Group financial statements are available from Via L.Seitz 47, 31100 Treviso, Italy.

## 17. RELATED PARTY TRANSACTIONS

The Company has utilised exemptions under Financial Reporting Standard No. 8 as a wholly owned subsidiary (see note 16) not to disclose transactions with other group entities.

## 18. POST BALANCE SHEET EVENTS

The company received a dividend of £7,700,000 from a wholly owned UK undertaking, Kenwood International Limited, on 21 February 2008.