

COMPANY NO: 2710556

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

REPORT AND FINANCIAL STATEMENTS

30 JUNE 2006

THURSDAY



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COMPANIES HOUSE

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

REPORT AND FINANCIAL STATEMENTS 2006

CONTENTS	PAGE
Officers and professional advisers	2
Report of the directors	3 - 4
Statement of directors' responsibilities	5
Report of the independent auditors	6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9 - 10
Notes to financial statements	11 - 15

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R W Christopher (Chairman)
W I Whigham (Managing Director)
D L Lehmann (Appointed 11 October 2005)
H T Astrom
R V Edwards (Resigned 14 October 2005)

SECRETARY

A De Pasquale Wood; ACCA

REGISTERED OFFICE

Godmersham Park
Godmersham
Canterbury
Kent CT4 7DT

BANKERS

Lloyds TSB Bank Plc

AUDITORS

KPMG LLP
Registered Auditor

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 30 June 2006.

1 ACTIVITIES

The company's principal activity is dealing with the distribution in the United Kingdom and Ireland of wines produced and exported from Australia by Peter Lehmann Wines Limited.

During the year, the company also acted as distributor in the United Kingdom and Ireland of wines produced by Glen Carlou (South Africa), Hess Collection Winery (California) and Bodega Colomé (Argentina), subsidiaries of the ultimate holding company, and of Terra Andina (Chile).

2 REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The past year has seen probably the most difficult market conditions experienced in the wine industry in the UK for some considerable time. The Australian sector has only shown modest growth, and what little growth there is has been generated by the large exporters. In fact, national On Trade sales have declined.

The major producers continue to become more dominant in a retail sector that is controlled by the big supermarkets. The company is under increasing pressure in this sector and has seen its margins eroded as retailers increase their requirements and the overall cost of doing business with them continues to rise.

Glen Carlou, Hess Collection Winery, Bodega Colomé and Terra Andina have all fared reasonably well over the last 12 months and we look forward to continued growth this coming year in their own specialist fields.

3 DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of dividend in respect of the year (2005 - nil). The loss after taxation for the year of £180,288 (2005 – profit £76,930) has been transferred to reserves.

4 CHARITABLE AND POLITICAL DONATIONS

Donations to charities amounted to £435 (2005 - £685). No political donations were made (2005 – nil).

5 DIRECTORS

The names of the directors of the company serving during the year are listed on page 2. None of the directors had any interest in the shares of the company, or any of its holding companies.

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

REPORT OF THE DIRECTORS (Continued)

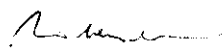
6 DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

7 AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board


R W CHRISTOPHER
Director

8 August 2006

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The company 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 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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 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 LLP

1 Forest Gate
Brighton Road
Crawley
RH11 9PT

Independent auditors' report to the members of Peter Lehmann Wines (UK) Limited

We have audited the financial statements of Peter Lehmann Wines (UK) Limited for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement 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

As described in the Statement of Directors' Responsibilities on page 5, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 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.

KPMG LLP
Chartered Accountants
Registered Auditor

8 August 2006

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

PROFIT AND LOSS ACCOUNT
Year ended 30 June 2006

	Note	2006 £	2005 £
Turnover: continuing operations	1 (e)	4,125,203	5,480,153
Cost of sales		<u>(3,595,700)</u>	<u>(4,709,683)</u>
Gross profit		529,503	770,470
Selling expenses		(269,268)	(289,272)
Administrative expenses		<u>(456,545)</u>	<u>(406,553)</u>
Operating (loss)/profit: continuing operations		(196,310)	74,645
Sundry income		250	-
Interest receivable	4	7,466	10,806
Interest payable	5	<u>(87)</u>	<u>(128)</u>
(Loss)/profit on ordinary activities before taxation	3	(188,681)	85,323
Tax on (loss)/profit on ordinary activities	6	<u>8,393</u>	<u>(8,393)</u>
(Loss)/profit on ordinary activities after taxation		(180,288)	76,930
Profit and loss account brought forward		702,375	625,445
Profit and loss account carried forward		<u>£ 522,087</u>	<u>£ 702,375</u>

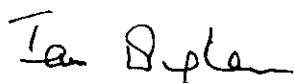
The company made no recognised gains or losses (2005 - nil) other than the (loss)/profit for the years stated above.

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

BALANCE SHEET
Year ended 30 June 2006

	Note	2006	2005
		£	£
FIXED ASSETS			
Tangible assets	7	28,967	15,422
CURRENT ASSETS			
Stock	8	103,326	85,117
Debtors	9	1,099,161	1,820,818
Amount owed by group company		6,722	610
Cash at bank and in hand		360,589	345,217
		<u>1,569,798</u>	<u>2,251,762</u>
CREDITORS: amounts falling due within one year			
Trade creditors		147,367	251,679
Amounts owed to group companies		670,125	905,539
Other creditors including taxation and social security	10	14,177	22,889
Accruals and deferred income		195,009	334,702
		<u>1,026,678</u>	<u>1,514,809</u>
NET CURRENT ASSETS		<u>543,120</u>	<u>736,953</u>
NET ASSETS		<u>£ 572,087</u>	<u>£ 752,375</u>
CAPITAL AND RESERVES			
Called up share capital	11	50,000	50,000
Profit and loss account		<u>522,087</u>	<u>702,375</u>
SHAREHOLDERS' FUNDS	12	<u>£ 572,087</u>	<u>£ 752,375</u>

These financial statements were approved by the Board of Directors on 8 August 2006
Signed on behalf of the Board of Directors.



W.I. WHIGHAM
Director

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

CASH FLOW STATEMENT
Year ended 30 June 2006

	2006		2005	
	£	£	£	£
Net cash inflow/ from operating activities (note 1)		47,151		128,635
Returns on investments and servicing of finance				
Sundry Income	250			
Interest received	7,466		10,806	
Interest paid	<u>(87)</u>		<u>(128)</u>	
Net cash inflow from returns on investments and servicing of finance		7,629		10,678
Taxation				
UK corporation tax recovered/(paid)		(5,171)		6,374
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(28,750)		(18,847)	
Proceeds of sale of tangible fixed assets	<u>-</u>		<u>-</u>	
		(28,750)		(18,847)
Net cash inflow before use of liquid resources and financing		<u>£ 20,859</u>		<u>£ 126,840</u>
Reconciliation of net cash flow to movement in net debt (note 2)				
Net cash inflow in the year		20,859		126,840
Translation difference		<u>(5,487)</u>		<u>801</u>
Change in net cash		15,372		127,641
Net cash at 1 July 2005		345,217		217,576
Net cash at 30 June 2006		<u>£ 360,589</u>		<u>£ 345,217</u>

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

CASH FLOW STATEMENT (continued)
Year ended 30 June 2006

Note 1

Net cash flow from operating activities:

	<u>2006</u>	<u>2005</u>
	£	£
Operating (loss)/profit	(196,310)	74,645
Depreciation	15,205	8,455
(Increase) in stock	(18,209)	(36,994)
(Increase)/Decrease in debtors	720,716	(279,007)
Increase/(Decrease) in creditors	(479,738)	362,337
Adjustment for foreign currency rate change	5,487	(801)
Net cash inflow from operating activities	<u>£ 47,151</u>	<u>£ 128,635</u>

Note 2

Analysis of changes in net debt

	At 1/7/05	Cash flows	Exchange movement	At 30/6/06
	£	£	£	£
Cash at bank	345,217	20,859	(5,487)	360,589
Total	<u>345,217</u>	<u>20,859</u>	<u>(5,487)</u>	<u>360,589</u>

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2006

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the applicable accounting standards. To accord with group policy, turnover is shown net of sales price discounts. The particular accounting policies adopted are described below:-

- a) **Accounting convention**
The financial statements are prepared under the historical cost convention.
- b) **Depreciation**
Depreciation is provided in equal instalments over the estimated useful lives of the assets and is calculated on the cost of the assets. The following rate is used:-

Fixtures and Equipment -	25% - 33%	per annum
Motor Vehicles -	33%	per annum
- c) **Taxation**
The charge for taxation is based on the profit/loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Full provision for deferred taxation is made at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.
- d) **Stocks**
Stocks of Peter Lehmann wines are shipped to the company on a consignment basis. Ownership does not transfer to the company until those stocks are sold. The company is responsible for costs relating to the maintenance of such stocks held in the United Kingdom from the time of arrival and until sale. Such costs relating to unsold stocks at accounting dates are classified as deferred costs in the balance sheet. Agency stocks for resale owned by the company are valued at lower of cost and net realisable value.
- e) **Turnover**
Turnover represents sales and commission on sales by the company of wines to customers, including customs and excise duties where applicable, and after deducting sales price discounts, but excluding value added tax.
- f) **Foreign exchange**
Transactions denominated in foreign currencies are translated into sterling at an average expected rate at the transaction date and the rate ruling at the date of settlement of transaction, save that amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rate ruling at that date or at agreed fixed rates. All translation differences are dealt with in the profit and loss account.
- g) **Leases**
Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations. Rental costs under operating leases are charged to the profit and loss account in equal annual instalments over the periods of the lease.

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 30 June 2006

2 REMUNERATION OF DIRECTORS AND STAFF

	<u>2006</u>	<u>2005</u>
	£	£
Directors' remuneration:-		
Emoluments	119,840	133,709
Company contribution to money purchase pension scheme	10,285	9,964
	<u>£ 130,125</u>	<u>£ 143,673</u>

One director is accruing retirement benefits under a money purchase scheme (2005 - 1).

The average number of persons employed by the company (including directors) during the year was 12 (2005 - 11). The aggregate payroll costs of these persons were as follows:

	<u>2006</u>	<u>2005</u>
	£	£
Wages and Salaries	369,752	358,949
Social security costs	45,422	39,251
Other pension costs	32,299	24,972
	<u>£ 447,473</u>	<u>£ 423,172</u>

3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss)/profit on ordinary activities before taxation is after charging:

	<u>2006</u>	<u>2005</u>
	£	£
Depreciation - owned assets	15,205	8,455
Auditors' remuneration	12,000	11,400
Exchange differences	5,487	(801)
Operating lease rentals	<u>16,863</u>	<u>18,642</u>

4 INTEREST RECEIVABLE

	<u>2006</u>	<u>2005</u>
	£	£
Bank interest	7,456	10,713
Other interest	10	93
	<u>£ 7,466</u>	<u>£ 10,806</u>

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 30 June 2006

5 INTEREST PAYABLE

	<u>2006</u> £	<u>2005</u> £
Bank interest	£ 87	£ 128

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2006</u> £	<u>2005</u> £
United Kingdom corporation tax based on the (loss)/profit for the year	(5,171)	8,393
(Overprovision) of prior year	(3,222)	-
	<u>£ (8,393)</u>	<u>£ 8,393</u>

Factors affecting the tax charge for the current period:

(Loss)/profit on ordinary activities before taxation	<u>£ (188,681)</u>	<u>£ 85,323</u>
Corporation tax at 30% (2005 - 30%)	(56,604)	25,597
Creation of tax losses	52,050	-
Utilisation of tax losses	(5,171)	(19,384)
Non taxable income - sundry income	(75)	-
Expenses not deductible	2,700	2,270
Prior period adjustment	(3,222)	-
Capital allowances depreciation differences	1,929	(90)
	<u>£ (8,393)</u>	<u>£ 8,393</u>

At 30 June 2006 there is a potential deferred tax asset of £53,979 principally in respect of tax losses. At 30 June 2005 there was a potential deferred tax liability of £142 in respect of accelerated capital allowances.

7 TANGIBLE FIXED ASSETS

	<u>Fixtures and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
Cost:	£	£	£
At 1 July 2005	34,469	-	34,469
Additions	8,140	20,610	28,750
Disposals	-	-	-
At 30 June 2006	<u>£ 42,609</u>	<u>£ 20,610</u>	<u>£ 63,219</u>
Depreciation:			
At 1 July 2005	19,047	-	19,047
Charge for year	11,198	4,007	15,205
Disposals	-	-	-
At 30 June 2006	<u>£ 30,245</u>	<u>£ 4,007</u>	<u>£ 34,252</u>
Net Book Value:			
At 30 June 2006	<u>£ 12,364</u>	<u>£ 16,603</u>	<u>£ 28,967</u>
At 30 June 2005	<u>£ 15,422</u>	<u>£ -</u>	<u>£ 15,422</u>

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 30 June 2006

8 STOCK	2006	2005
	£	£
Goods held for re-sale	£ 103,326	£ 85,117
9 DEBTORS	2006	2005
	£	£
Trade debtors	1,003,843	1,762,461
Other debtors	61,768	29,844
Prepayments	5,060	3,695
Corporation Tax recoverable	5,171	-
Deferred costs attributable to stocks held on consignment (see note 1 (e))	23,319	24,818
	£ 1,099,161	£ 1,820,818
10 OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY	2006	2005
	£	£
Corporation tax	-	8,393
PAYE and social security	14,177	14,496
	£ 14,177	£ 22,889
11 CALLED UP SHARE CAPITAL	2006	2005
	£	£
Authorised, allotted, called up and fully paid: 50,000 ordinary shares of £1 each	£ 50,000	£ 50,000
12 RECONCILIATION OF SHAREHOLDERS' FUNDS	2006	2005
	£	£
(Loss)/profit for year after taxation	(180,288)	76,930
Net (decrease)/increase in shareholder's funds	(180,288)	76,930
Shareholders' funds at beginning of year	752,375	675,445
Shareholders' funds at end of year	£ 572,087	£ 752,375

13 HOLDING COMPANIES

The immediate holding company is Peter Lehmann Wines Limited, incorporated in the State of South Australia.

Copies of the financial statements of Peter Lehmann Wines Limited may be obtained from the Company Secretary at PO Box 315, Para Road, Tanunda 5352, South Australia.

The ultimate holding company is Hess Group AG, incorporated in Switzerland.

PETER LEHMANN WINES (UK) LIMITED
(Formerly Peter Lehmann Wines (Europe) Limited)

NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 30 June 2006

14 RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary of Peter Lehmann Wines Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Peter Lehmann Wines Limited, within which this company is included, can be obtained from the address given in note 13.

Purchase of goods from fellow subsidiaries of Hess Group AG were:-

	2006	2005
	£	£
Glen Carlou Vineyards (Pty) Limited	144,440	98,778
The Hess Collection Winery Inc	23,551	-
Bodega Colomé SA	21,451	-

Amounts owing to fellow subsidiaries of Hess Group AG were:-

	2006	2005
	£	£
Glen Carlou Vineyards (Pty) Limited	28,350	21,799

Amounts owing by fellow subsidiaries of Hess Group AG were:-

	2006	2005
	£	£
The Hess Collection Winery Inc	2,846	-
Bodega Colomé SA	3,876	-

15 CONTINGENT LIABILITIES

The company has given a guarantee, secured by a fixed and floating charge over its assets, to National Australia Bank Limited as partial security for banking facilities of up to A\$41,650,000 (2005 - A\$37,350,000) granted to Peter Lehmann Wines Limited. In addition, the company, its immediate holding company and a fellow subsidiary are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others.

16 OPERATING LEASE COMMITMENTS

At the year end the company had commitments to make payments during the next year under operating leases which expire as follows:

	2006		2005	
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
Within one year	-	-	-	-
In the second to fifth years inclusive	16,717	-	16,230	-
Over five years	-	-	-	-
	<u>£ 16,717</u>	<u>£ -</u>	<u>£ 16,230</u>	<u>£ -</u>