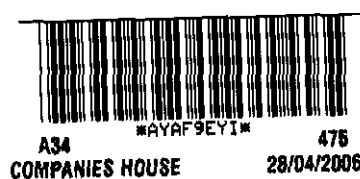


# Halewood International Limited

Annual Report

Year ended 30 June 2005



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## Company Information

Directors	J E Halewood S J Oldroyd J J A M Cooymans I M Duffy J D Falk J H Jenkins J C Lumby N Milne D I Muntean R V L Rishworth A J Timson W Woolley A J Vaughan D Wharton P Chetty	(resigned 1 February 2005)
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Secretary	S J Oldroyd
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Registered office	The Sovereign Distillery Wilson Road Huyton Industrial Estate Huyton Liverpool L36 6AD
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Registered number	3920410
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Auditors	RSM Robson Rhodes LLP Chartered Accountants Colwyn Chambers 19 York Street Manchester M2 3BA
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Bankers	Lloyds TSB Bank plc 94 Fishergate Preston Lancashire PR1 2JB
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## Report Of The Directors

The directors have pleasure in presenting the financial statements of the company for the year ended 30 June 2005, together with the auditors' report thereon.

### Principal Activities

The company trades as an importer, bottler and manufacturer of wines and spirits.

### Review Of Business And Future Prospects

A review of the business and future prospects of the group is included in the Directors' Report of the parent company accounts.

### Results And Dividends

The profit for the year after taxation amounted to £209,000 (2004: profit after taxation of £1,432,000). The directors do not propose a dividend (2004: £nil).

### Ultimate Parent Undertaking

The company is a wholly owned subsidiary of Halewood International Holdings UK Limited, a company incorporated in England. The Ultimate parent undertaking is Halewood International Holdings PLC.

### Directors

The present directors of the company who served throughout the year together with movements during the year are set out on page 1.

The directors did not hold any shares in the company at 30 June 2005 or 30 June 2004. The directors' interests in the shares of the ultimate parent undertaking are disclosed in the financial statements of that company.

### Directors' Responsibilities

Company law in the United Kingdom requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of its profit or loss for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting United Kingdom standards; and
- prepared the financial statements on the going concern basis.

Directors are responsible for keeping proper accounting records which 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 ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

## Report Of The Directors (continued)

### Employees

During the period the company continued to provide employees with relevant information through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the company's trading position and of any significant organisational changes.

It is the policy of the company to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the company, as well as generally through training and career development.

### Policy And Practice On Payment Of Creditors

The group's policy is to pay suppliers in accordance with terms and conditions agreed when orders are placed. Although the group does not follow any code or standard on payment policy, where terms have not been specifically agreed, invoices dated in one calendar month are paid close to the end of the following month. At 30 June 2005, the number of days of trade creditors for the company was 35 days (2004: 35 days).

### Auditors

A resolution to re-appoint RSM Robson Rhodes LLP as external auditors will be proposed at the forthcoming annual general meeting.

### Approval

The Report of the Directors was approved by the Board on 21 April 2006 and signed on its behalf by:



S. J. Oldroyd  
Secretary

## Independent Auditors' Report to the Shareholders of Halewood International Limited

We have audited the financial statements on pages 5 to 16.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 transactions with the company 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 United Kingdom Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes LLP  
Chartered Accountants and Registered Auditors

Manchester, England

26.4.06

## Profit And Loss Account

for the year ended 30 June 2005

	Note	2005 £'000	2004 £'000
<b>Turnover:</b> continuing operations	2	155,653	157,183
Cost of sales		(118,151)	(119,369)
		<hr/>	<hr/>
<b>Gross profit</b>		37,502	37,814
Selling and marketing costs		(14,603)	(20,145)
Distribution and production costs		(12,391)	(11,610)
Administration expenses		(9,384)	(9,911)
Write off of inter-company loan		(369)	4,450
		<hr/>	<hr/>
<b>Operating profit:</b> continuing operations	3	755	598
Interest receivable and similar income	6a	65	302
Interest payable	6b	(471)	(741)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		349	159
Tax on profit on ordinary activities	7	(140)	1,273
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>		209	1,432
Dividends	8	-	-
		<hr/>	<hr/>
<b>Retained profit for the year</b>	16 - 17	209	1,432
		<hr/>	<hr/>

## Statement Of Total Recognised Gains And Losses

for the year ended 30 June 2005

	2005 £'000	2004 £ '000
Profit for the year	209	1,432
	<hr/>	<hr/>
Total recognised gains	209	1,432
	<hr/>	<hr/>

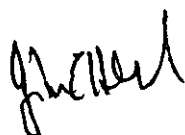
## Balance Sheet

At 30 June 2005

	Note	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Tangible assets	9	10,063	11,001
<b>Current assets</b>			
Stocks	10	9,507	7,673
Debtors	11	47,401	40,331
Cash at bank and in hand		832	1,453
		57,740	49,457
<b>Creditors: amounts falling due within one year</b>	12	(51,356)	(43,715)
<b>Net current assets</b>		6,384	5,742
<b>Total assets less current liabilities</b>		16,447	16,743
<b>Creditors: amounts falling due after more than one year</b>	13	(1,217)	(1,732)
<b>Provision for liabilities and charges</b>	14	(562)	(552)
<b>Net assets</b>		14,668	14,459
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Profit and loss account	16	14,668	14,459
<b>Equity shareholders' funds</b>	17	14,668	14,459

The financial statements were approved by the Board on 21 April 2006

and signed on its behalf by:


J E Halewood  
Director



## Notes To The Financial Statements

30 June 2005

### 1. ACCOUNTING POLICIES

#### Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The principal accounting policies which the directors have adopted within that convention are set out below.

The company is exempt from publishing a cash flow statement because it is a wholly owned subsidiary undertaking of Halewood International Holdings PLC which publishes a consolidated cash flow statement.

#### Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses. The principal annual rates used for other assets are:

Computer equipment	25%
Fixtures and fittings, plant and machinery	10% to 20%
Property improvements	10%
Motor vehicles	25%

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes any expenses incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs of disposal.

#### Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

Previously under SSAP 15 provision was only made for deferred taxation if it was probable that the tax would be payable in the foreseeable future.

## Notes To The Financial Statements

30 June 2005

### 1. ACCOUNTING POLICIES (continued)

#### Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

#### Leasing

Where assets are financed by hire purchase the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. Future obligations are shown as a liability. The interest element of repayments made are charged to the profit and loss account on a straight line basis.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

#### Capital grants

Capital government grants received are treated as a deferred credit and released to the profit and loss account over the expected useful life of the assets to which they relate.

#### Pensions

The company operates a defined contribution pension scheme in respect of certain employees. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost for the scheme represents contributions payable by the company in the year.

#### Turnover

Turnover comprises sales to customers less discounts and allowances and is net of value added tax.

### 2. SEGMENTAL ANALYSIS

The analysis of turnover by geographical market is as follows:

	2005 £'000	2004 £'000
United Kingdom	153,727	155,489
EC Countries	1,059	1,056
Rest of Europe	319	141
Other	548	497
	<hr/> 155,653 <hr/>	<hr/> 157,183 <hr/>

All turnover derives from the principal activity.

## Notes To The Financial Statements

30 June 2005

### 3. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting):

	2005 £'000	2004 £'000
Auditors' remuneration - audit services	30	27
- non audit services	50	96
Depreciation of tangible fixed assets	2,069	1,917
Hire of equipment	257	273
Profit/(loss) on sale of assets	(15)	4
Grant released in the period	(65)	(79)
	<hr/>	<hr/>

### 4. EMPLOYEES

Staff costs, including directors, may be allocated as follows:

	2005 £'000	2004 £'000
Wages and salaries	9,384	8,501
Social security costs	952	850
Pensions - defined contribution scheme	374	428
	<hr/>	<hr/>
	10,710	9,779
	<hr/>	<hr/>

The average weekly number of employees, including directors, during the year was made up as follows:

	2005 No	2004 No
Administration and selling	125	132
Warehousing & production	214	229
	<hr/>	<hr/>
	339	361
	<hr/>	<hr/>

## Notes To The Financial Statements

30 June 2005

### 5. DIRECTORS' EMOLUMENTS

Directors' emoluments were as follows:	2005 £'000	2004 £'000
Emoluments for management services including benefits in kind	2,023	1,575
Pension contributions	70	2,065
	<hr/>	<hr/>
	2,093	3,640
	<hr/>	<hr/>

The emoluments of the highest paid director were:

Salary	1,093	520
Benefits in kind	3	46
Pension contributions	-	1,975
	<hr/>	<hr/>
	1,096	2,541
	<hr/>	<hr/>

Pension contributions have been made on behalf of ten of the directors into defined contribution schemes (2004: ten).

### 6a. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005 £'000	2004 £'000
Intercompany interest	65	302
	<hr/>	<hr/>

### 6b. INTEREST PAYABLE

	2005 £'000	2004 £'000
Bank overdraft	231	281
Hire purchase interest	217	208
Intercompany interest	23	252
Other interest	-	-
	<hr/>	<hr/>
	471	741
	<hr/>	<hr/>

## Notes To The Financial Statements

30 June 2005

## 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £'000	2004 £'000
<b>United Kingdom Corporation Tax</b>		
Current tax on profit for the year	120	(846)
Adjustments in respect of prior years	10	29
	<hr/>	<hr/>
<b>Current taxation</b>	130	(817)
<b>Deferred taxation</b>		
Net origination of timing differences	10	(456)
	<hr/>	<hr/>
<b>Tax on profit on ordinary activities</b>	140	(1,273)
	<hr/>	<hr/>
<b>Current tax reconciliation</b>		
	2005 £'000	2004 £'000
Profit on ordinary activities before taxation	349	159
	<hr/>	<hr/>
Theoretical tax at UK corporation tax rate 30% (2004: 30%)	105	48
Effects of:		
- expenditure not tax deductible	174	39
- adjustments in respect of prior years	10	29
- accelerated capital allowances	15	(109)
- other short term timing differences	(124)	535
- income not taxable	(50)	(1,359)
	<hr/>	<hr/>
	130	(817)
	<hr/>	<hr/>

## Notes To The Financial Statements

30 June 2005

### 8. DIVIDENDS

	2005 £'000	2004 £'000
Proposed dividend on ordinary shares	-	-

### 9. TANGIBLE FIXED ASSETS

	Property improvements £'000	Plant & machinery, motor vehicles, fixtures & fittings and computer equipment £'000	Total £'000
<b>Cost</b>			
At 1 July 2004	365	20,412	20,777
Additions	-	1,204	1,204
Disposals	-	(559)	(559)
At 30 June 2005	365	21,057	21,422
<b>Accumulated depreciation</b>			
At 1 July 2004	31	9,745	9,776
Charge for the year	7	2,062	2,069
Disposals	-	(486)	(486)
At 30 June 2005	38	11,321	11,359
<b>Net book value</b>			
At 30 June 2005	327	9,736	10,063
At 30 June 2004	334	10,667	11,001

The net book value of fixed assets includes an amount of £4,575,860 (2004: £4,396,000) in respect of assets held under hire purchase contracts. Depreciation charged in respect of these assets was £827,811 (2004: £509,000) in the period.

## Notes To The Financial Statements

30 June 2005

## 10. STOCKS

	2005 £'000	2004 £'000
Raw materials	2,005	1,977
Goods for resale	7,502	5,696
	<hr/>	<hr/>
	9,507	7,673
	<hr/>	<hr/>

## 11. DEBTORS

	2005 £'000	2004 £'000
Trade debtors	22,033	23,154
Other debtors	2,962	384
Prepayments	627	642
Amounts due from parent undertaking	-	12,212
Amount due from fellow subsidiary undertakings	21,523	3,885
Amounts due from related parties	256	54
	<hr/>	<hr/>
	47,401	40,331
	<hr/>	<hr/>

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2004 £'000
Bank overdraft (secured)	2,651	-
Hire purchase finance	1,039	1,076
	<hr/>	<hr/>
Debt due within one year	3,690	1,076
Trade creditors	5,769	6,237
Corporation tax	28	-
Other taxation and social security	13,217	13,812
Accruals and deferred income	7,707	7,629
Amounts due to fellow subsidiary undertakings	20,743	14,456
Amounts due to related parties	-	3
Deferred grant	65	65
Other creditors	137	437
	<hr/>	<hr/>
	51,356	43,715
	<hr/>	<hr/>

The bank overdraft is subject to the same security as described in the financial statements of Halewood International Holdings PLC. These are detailed in note 19.

## Notes To The Financial Statements

30 June 2005

## 13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £'000	2004 £'000
Hire purchase agreements	1,035	1,485
Deferred grant	182	247
	<hr/>	<hr/>
	1,217	1,732
	<hr/>	<hr/>
<b>Repayable</b>		
1-2 years	614	793
2-5 years	421	692
	<hr/>	<hr/>
Debt	1,035	1,485
Deferred grant	182	247
	<hr/>	<hr/>
	1,217	1,732
	<hr/>	<hr/>

## 14. DEFERRED TAXATION

	2005 £'000	2004 £'000
At 1 July 2004	552	1,008
Transfer (to)/from profit and loss account	10	(456)
	<hr/>	<hr/>
At 30 June 2005	562	552
	<hr/>	<hr/>

## 15. SHARE CAPITAL

	2005 Number	2004 Number
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<b>Issued and fully paid</b>		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>



## Notes To The Financial Statements

30 June 2005

### 16. RESERVES

	Profit and loss account £'000
At 1 July 2004	14,459
Retained profit for the year	209
	<hr/>
At 30 June 2005	14,668
	<hr/>

### 17. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS FUNDS

	2005 £'000	2004 £'000
Opening shareholders funds'	14,459	13,027
Recognised profit	209	1,432
	<hr/>	<hr/>
Closing shareholders funds	14,668	14,459
	<hr/>	<hr/>

## Notes To The Financial Statements

30 June 2005

### 18. FINANCIAL COMMITMENTS

#### Capital commitments

Capital expenditure commitments were as follows:

	2005 £'000	2004 £'000
Contracted for, but not provided in the accounts	-	-

#### Operating lease commitments

The company is committed to make payments under operating leases in respect of plant and machinery in the next year as follows:

	2005 £'000	2004 £'000
Lease expiring within one year	107	227
Within one to two years	23	171
within 2-5 years	144	208
	<u>268</u>	<u>606</u>

### 19. CONTINGENT LIABILITY

The company is party to group borrowings facilities under which the various UK companies in the group have cross guaranteed the borrowings due to Lloyds TSB Bank plc. At 30 June 2005 these borrowings amounted to £12,243,000 (2004 : £11,769,000).

### 20. RELATED PARTY TRANSACTIONS

The company has undertaken transactions with other companies within the Halewood International Holdings PLC group. Under the provisions of Financial Reporting Standard No.8 "Related Party Disclosures" the company is exempt from disclosing the detail of these transactions.

### 21. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Halewood International Holdings PLC, a company registered in England. Group accounts for Halewood International Holdings PLC are available to the public on payment of the appropriate fee, from Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.