

Portugal Venture Limited

Report and accounts

31 December 2003



Portugal Venture Limited

Registered no. 4222745

DIRECTORS

F C Guedes
S C Guedes
F J G V Souto
P Pringuet
T Billot

SECRETARY

J Antunes

AUDITORS

PricewaterhouseCoopers LLP
No 1 Embankment Place
London
WC2N 6RH

REGISTERED OFFICE

400 Capability Green
Luton
Beds
LU1 3LU

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 31 December 2003.

PRINCIPAL ACTIVITY

During the year ended 31 December 2003, the company received income from the intellectual property rights to a number of trade marks of brands of drinks. The profit for the year, after taxation, was €910,502 (six months to 31 December 2002 - €134,912) and a dividend of €910,502 (2002: €134,912) is recommended.

DIRECTORS

The directors who held office throughout the period are shown on page 2. F C Guedes and S C Guedes each held 11,976 shares in Sogrape Holding SGPS at 31 December 2003 and 14,000 shares at 31 December 2002. No other director had any interest in the shares of the company or any other group company which requires to be disclosed under the Companies Act 1985.

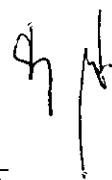
AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP will be put to the members at the forthcoming Annual General Meeting.

By order of the board



J Antunes
Secretary

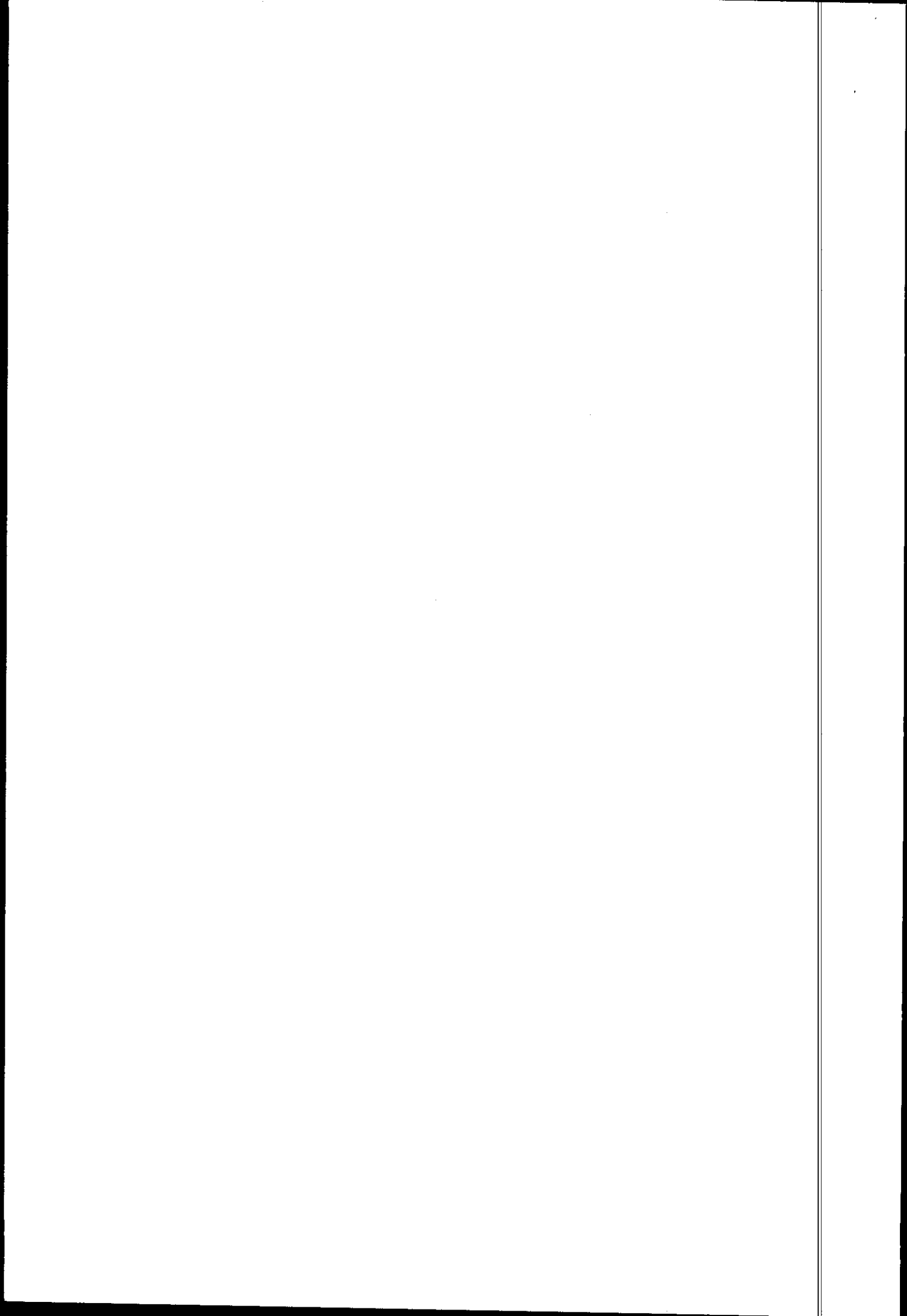


STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.



INDEPENDENT AUDITORS' REPORT

To the members of Portugal Venture Limited

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 12. These financial statements have been prepared on the basis of 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 auditors' 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 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. 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.

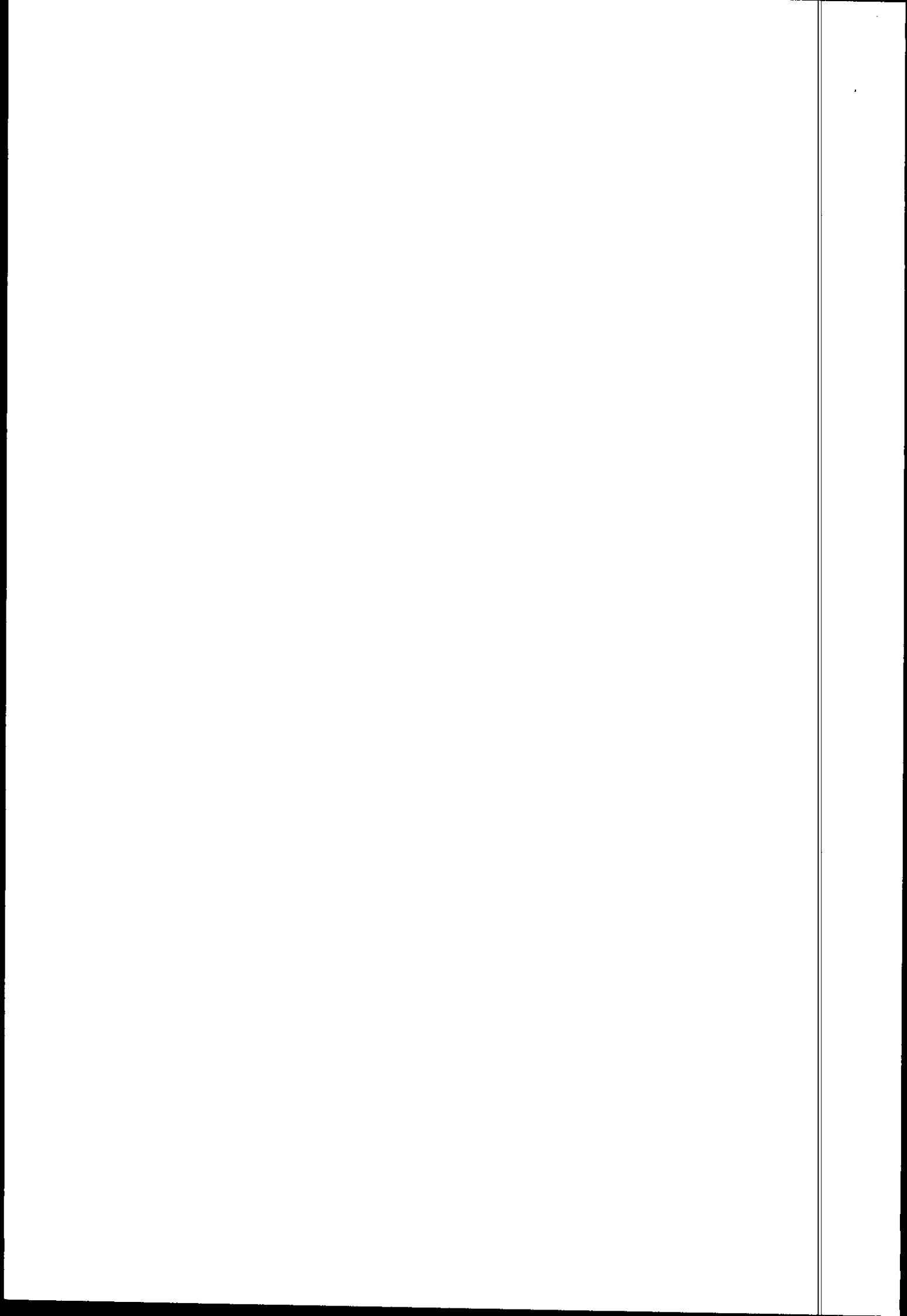
We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept 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.



INDEPENDENT AUDITORS' REPORT
To the members of Portugal Venture Limited

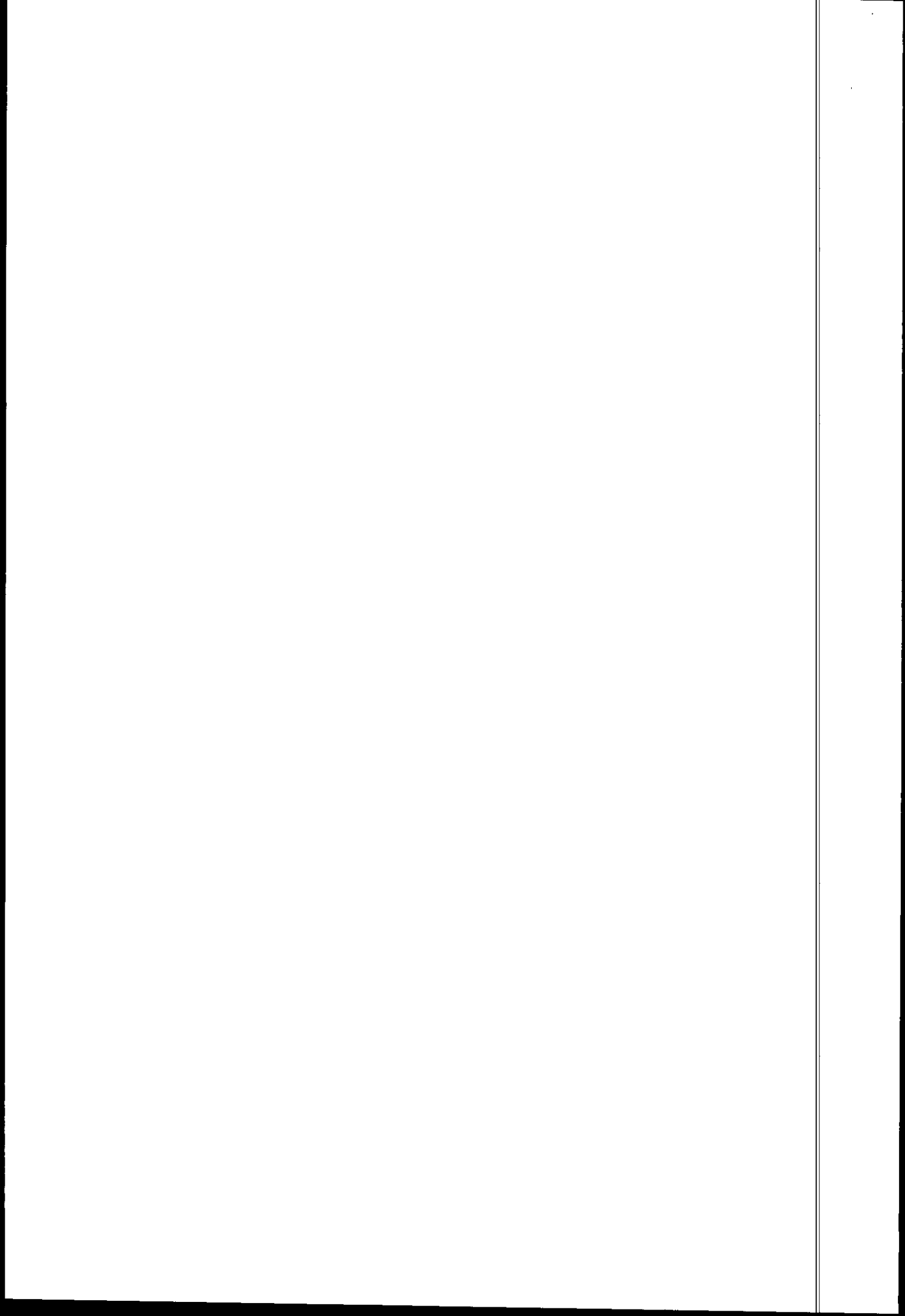
OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

6 June 2004



Portugal Venture Limited

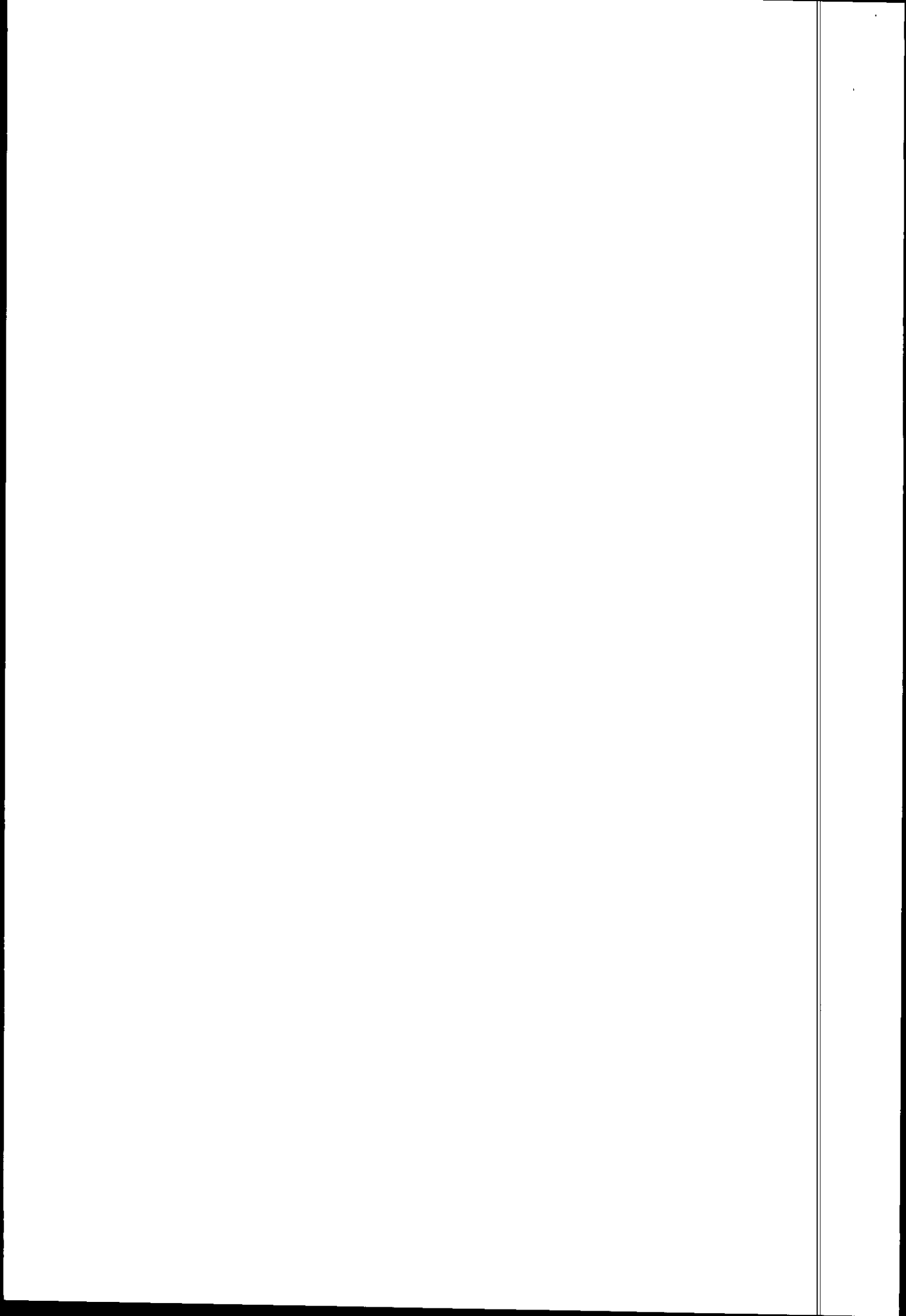
PROFIT AND LOSS ACCOUNT for the year ended 31 December 2003

		<i>12 months ended 31 December 2003</i>	<i>6 months ended 31 December 2002</i>
	<i>Notes</i>	<i>€</i>	<i>€</i>
TURNOVER	2	2,020,078	515,568
Administrative expenses		157,629	322,837
Marketing expenses		522,297	—
		679,926	322,637
Operating profit		1,340,152	192,731
Bank interest receivable		3,059	—
Interest payable		(2,770)	—
Profit on ordinary activities before taxation	3	1,340,441	192,731
Taxation	4	429,939	57,819
Profit on ordinary activities after taxation		910,502	134,912
Dividend		910,502	134,912
Retained profit for the period		—	—

There are no other recognised gains or losses other than the profit shown above.

All activities are continuing.

Notes on pages 9 to 12 are part of these accounts.



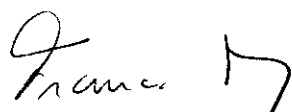
Portugal Venture Limited

BALANCE SHEET at 31 December 2003

	Notes	2003 €	2002 €
FIXED ASSETS			
Intangible assets	6	4,810	7,214
Investment in subsidiary undertaking	5	156	156
		<u>4,966</u>	<u>7,370</u>
CURRENT ASSETS			
Debtors	7	932,988	479,622
Cash at bank and in hand		419,704	2
		<u>1,352,692</u>	<u>479,624</u>
CREDITORS: amounts falling due within one year	8	1,356,098	485,434
NET CURRENT LIABILITIES		<u>(3,406)</u>	<u>(5,810)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,560</u>	<u>1,560</u>
CAPITAL AND RESERVES			
Called up share capital	9	1,560	1,560
Profit and loss account		-	-
EQUITY SHAREHOLDERS' INTERESTS	10	<u>1,560</u>	<u>1,560</u>

Notes on pages 9 to 12 are part of these accounts.

Approved by the board on 30 April 2004 and signed on its behalf by



Director

Portugal Venture Limited

NOTES TO THE ACCOUNTS

at 31 December 2003

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Accounts preparation

The accounts have been prepared in Euros as this is the operating currency of the company.

Group accounts

Group accounts have not been prepared as the company is a subsidiary undertaking of a company established in the European Union.

Cash flow statement

A cash flow statement has not been prepared as the company is a subsidiary undertaking of a company established in the European Union and Group company accounts are publicly available.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost.

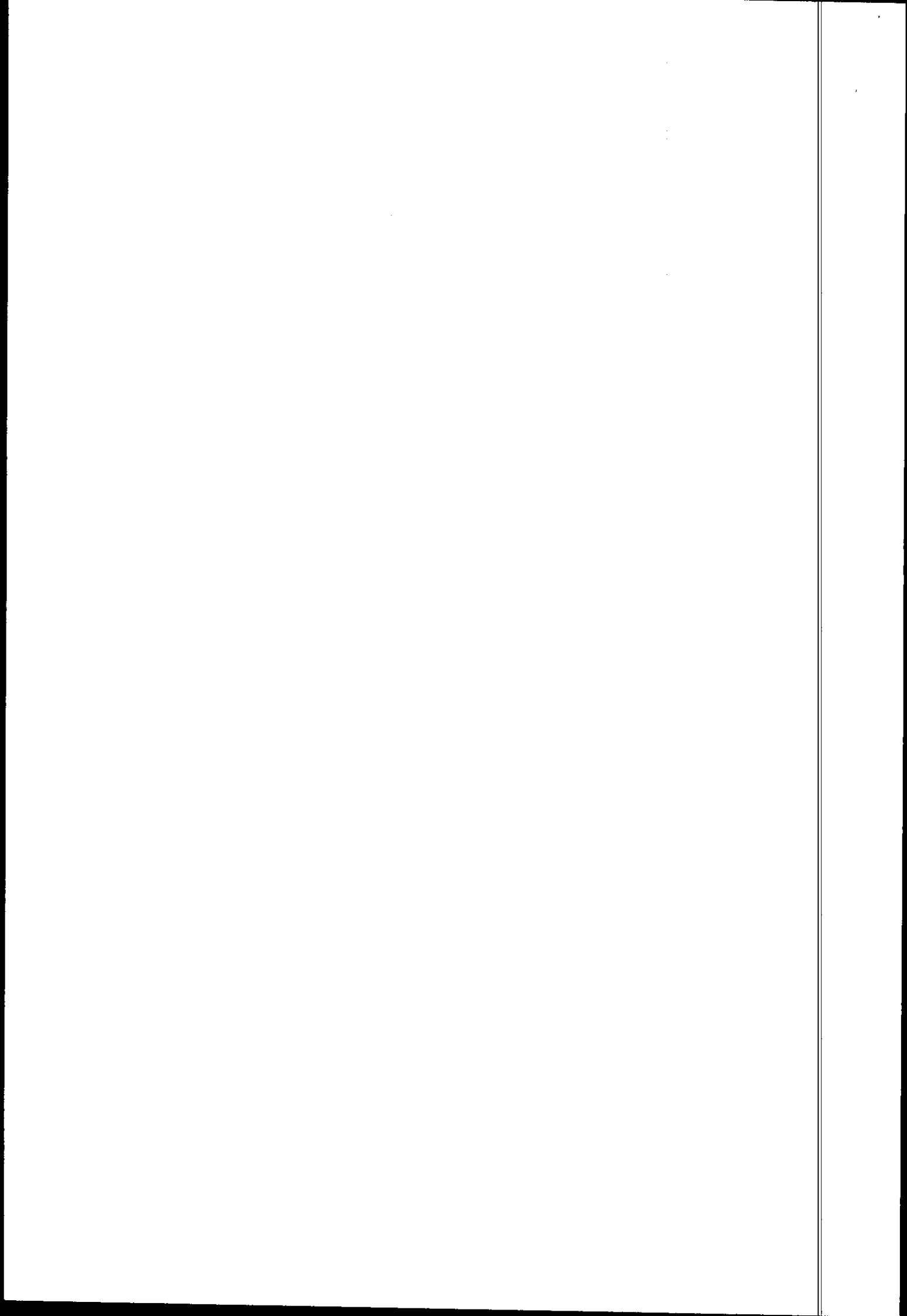
Intangible assets are amortised on a straight line basis over their useful economic lives of three years.

2. TURNOVER

Turnover represents licence fees receivable and arises from companies in the European Union.

3. OPERATING PROFIT BEFORE TAX

	2003 €	2002 €
Operating profit before tax is stated after charging		
Auditors' remuneration	5,000	5,000
Directors' remuneration	—	—
Amortisation of intangible assets	2,404	—
	<u> </u>	<u> </u>



Portugal Venture Limited

NOTES TO THE ACCOUNTS at 31 December 2003

4. TAXATION

	2003 €	2002 €
Current tax		
UK corporation tax	429,939	57,819
	<u> </u>	<u> </u>
Factors affecting the current tax		
Profit on ordinary activities	1,340,441	192,731
	<u> </u>	<u> </u>
Tax at standard rate of 30%	402,132	57,819
Underprovided in prior period	27,807	—
	<u> </u>	<u> </u>
	429,939	57,819
	<u> </u>	<u> </u>
No provision for deferred tax is required.		

5. INVESTMENT IN SUBSIDIARY UNDERTAKING

The investment in subsidiary undertaking comprises the entire share capital of Geo G Sandeman Sons & Co Limited, a company registered in England & Wales which did not trade during the period. The company holds the Royal Warrant in relation to port and sherry sold under the Sandeman trade name.

	€
At cost at 31 December 2002 and 31 December 2003	156
	<u> </u>

6. INTANGIBLE ASSETS

	2002 €
COST	
Trademarks	7,214
	<u> </u>
At 31 December 2002 and 31 December 2003	7,214
	<u> </u>
AMORTISATION	
At 31 December 2002	—
Provided during year	2,404
	<u> </u>
At 31 December 2003	2,404
	<u> </u>
NET BOOK VALUE	
At 31 December 2003	4,810
	<u> </u>
At 31 December 2002	7,214
	<u> </u>

Portugal Venture Limited

NOTES TO THE ACCOUNTS at 31 December 2003

7. DEBTORS

	2003 €	2002 €
Amounts owing by group undertakings	646,294	422,670
Called up share capital not paid	1,558	1,558
Other debtors	3,735	41,459
Tax recoverable	279,398	13,935
Prepayments	2,003	—
At 31 December 2002	932,988	479,622

8. CREDITORS – amounts falling due within one year

	2003 €	2002 €
Amounts owing to group undertakings	—	238,245
Other creditors	20,814	7,141
Corporation tax	402,132	57,819
Accruals	22,650	47,317
Dividend payable	910,502	134,912
	1,356,098	485,434

9. SHARE CAPITAL

	<i>Authorised, allotted and fully paid</i>	
	2003 €	2002 €
1,000 Ordinary shares of £1 each	1,560	1,560

Portugal Venture Limited

NOTES TO THE ACCOUNTS

at 31 December 2003

10. RESERVES AND MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>Share capital</i>	<i>Profit & Loss Account</i>	<i>Total</i>
	€	€	€
At 30 June 2002	1,560	–	1,560
Profit for the year	–	134,912	134,912
Dividend		(134,912)	(134,912)
At 31 December 2002	1,560	–	1,560
Profit for the year	–	910,502	910,502
Dividend	–	(910,502)	(910,502)
At 31 December 2003	1,560	–	1,560

11. RELATED PARTIES

During the year the company charged €1,514,571 (2002 - €325,638) to Sandeman & Ca and €505,507 (2002 - €189,930) to Sandeman Jerez, both companies being fellow subsidiary undertakings, in respect of licence fees receivable. Sandeman & Ca paid administrative expenses on the company's behalf of €10,065 (2002 - €280,708) and Sogrape Vinhos SA a related group undertaking, paid administrative expenses of €nil (2002 - €36,500) on the company's behalf. At 31 December 2003 the amount due to Sandeman & Ca was €nil (2002 - €201,745) and due to Sogrape Vinhos SA was €nil (2002 - €36,500). The amount due from Sandeman Jerez was €108,683 (2002 - €189,930) and from Sandeman & Ca was €537,611 (2002 - €232,740).

12. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is IW Investment SA., registered in Luxembourg, and the group company preparing group accounts, which are publicly available and which include Portugal Venture Limited is Sogrape Investimentos SGPS, SA, a company registered in Portugal, whose accounts may be obtained from Lugar da Aldeia Nova, Apartado 3032, 4431-852 Avintes, Vila Nova de Gaia, Portugal.

The ultimate parent undertaking is Guedes, Carmo e Silva – SGPS, Lda, a company registered in Portugal.

