

4222745

PORTUGAL VENTURE LIMITED

Report and Financial Statements

31 December 2005



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

Portugal Venture Limited

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITY

During the year ended 31 December 2005, 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 €498,166 (2004 - €1,327,559) and a dividend of € 498,166 (2004: €1,327,559) 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 10,537 shares in Sogrape Holding SGPS at 31 December 2005 and 11,567 shares at 31 December 2004. 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

16 March 2006

Portugal Venture Limited

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the 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 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 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 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 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.

INDEPENDENT AUDITORS' REPORT
To the members of Portugal Venture Limited

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes.

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 United Kingdom Accounting Standards (United Kingdom 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). 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditor
London

16.3.06

Portugal Venture Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2005

		2005	2004
	Notes	€	Restated €
TURNOVER	2	1,846,948	2,078,811
Administrative expenses		(148,944)	(127,685)
Marketing expenses		(1,000,000)	(60,165)
		(1,148,944)	(187,850)
Operating profit		698,004	1,890,961
Bank interest receivable		7,783	5,552
Other interest receivable		5,879	-
Profit on ordinary activities before taxation	3	711,666	1,896,513
Taxation	4	(213,500)	(568,954)
Profit for the period		498,166	1,327,559

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

All activities are continuing.

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

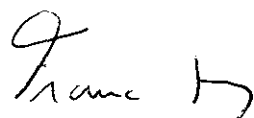
Portugal Venture Limited

BALANCE SHEET at 31 December 2005

	Notes	2005 €	2004 Restated €
FIXED ASSETS			
Intangible assets	6	-	2,406
Investment in subsidiary undertaking	5	156	156
		<u>156</u>	<u>2,562</u>
CURRENT ASSETS			
Debtors	7	893,545	938,741
Cash at bank and in hand		144,687	730,102
		<u>1,038,232</u>	<u>1,668,843</u>
CREDITORS: amounts falling due within one year	8	538,662	342,286
NET CURRENT ASSETS/(LIABILITIES)		<u>499,570</u>	<u>1,326,557</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>499,726</u>	<u>1,329,119</u>
CAPITAL AND RESERVES			
Called up share capital	9	1,560	1,560
Profit and loss account	10	498,166	1,327,559
EQUITY SHAREHOLDERS' INTERESTS	10	<u>499,726</u>	<u>1,329,119</u>

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

Approved by the board on 16th March 2006 and signed on its behalf by



Director

Portugal Venture Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

1. ACCOUNTING POLICIES

Accounting convention

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

Accounts preparation

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

Group accounts

Group financial statements 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 financial statements 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.

Administrative expenses

The company absorbs the administrative expenses of its subsidiary undertaking, Geo, G Sandeman Sons & Co Limited.

Dividends

FRS 21: "Events after the Balance Sheet Date" states that final dividends declared and approved by the Company after the balance sheet date should not be recognised as a liability of the Company at the balance sheet date, and interim dividends cannot be included in the accounts until paid. Prior results have accordingly been restated and this has led to an increase in net assets attributable to shareholders of €417,057 for the year ended 31 December 2004. As a result, the dividends shown on note 10 are those actually paid in the period.

2. TURNOVER

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

3. OPERATING PROFIT BEFORE TAX

	2005 €	2004 €
Operating profit before tax is stated after charging		
Auditors' remuneration	10,000	5,000
Directors' remuneration	—	—
Amortisation of intangible assets	2,506	2,404
	<u> </u>	<u> </u>

Portugal Venture Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2005

4. TAXATION

	2005 €	2004 €
Current tax		
UK corporation tax	213,500	568,954
Factors affecting the current tax		
Profit on ordinary activities	711,666	1,896,513
Tax at standard rate of 30%	213,500	568,954
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 2004 and 31 December 2005	156

6. INTANGIBLE ASSETS

	2005 €
COST	
Trademarks	
At 31 December 2004	7,214
Additions	100
At 31 December 2005	7,314
AMORTISATION	
At 31 December 2004	4,808
Provided during year	2,506
At 31 December 2005	7,314
NET BOOK VALUE	
At 31 December 2005	-
At 31 December 2004	2,406

Portugal Venture Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2005

7. DEBTORS

	2005	2004
	€	€
Amounts owing by group undertakings	489,504	539,659
Other debtors	2,305	857
Tax recoverable	399,164	398,225
Prepayments	2,572	—
	<u>893,545</u>	<u>938,741</u>

8. CREDITORS – amounts falling due within one year

	2005	2004
	€	€
Amounts owing to group undertakings	500,000	—
Other creditors	156	156
Corporation tax	—	306,606
Accruals	38,506	35,524
	<u>538,662</u>	<u>342,286</u>

9. SHARE CAPITAL

	<i>Authorised, allotted and fully paid</i>	
	2005	2004
	€	€
1,000 Ordinary shares of £1 each	<u>1,560</u>	<u>1,560</u>

Portugal Venture Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2005

10. RESERVES AND MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>Share capital</i>	<i>Profit & Loss Account</i>	<i>Total</i>
	€	€	€
At 31 December 2003 as restated	1,560	910,502	912,062
Profit for the year	–	1,327,559	1,327,559
Dividend paid	–	(910,502)	(910,502)
At 31 December 2004 as restated	1,560	1,327,559	1,329,119
Profit for the year	–	498,166	498,166
Dividend paid	–	(1,327,559)	(1,327,559)
At 31 December 2005	1,560	498,166	499,726

Dividends of € 498,166 will be proposed to be paid during 2006.

11. RELATED PARTIES

During the year the company charged €443,142 (2004 - €567,596) to Sandeman Jerez, a company being a fellow subsidiary undertaking and €1,403,806 (2004: €1,511,215) to Sogrape Vinhos SA, a related group undertaking, in respect of licence fees receivable. Sogrape Vinhos SA a related group undertaking, paid administrative expenses of €44 (2004 - €97) on the company's behalf. Sogrape Vinhos SA charged €20,299 (2004: €nil) for management fees and €1,000,000 (2004: €nil) for marketing expenses. At 31 December 2005 the amount due from Sandeman Jerez was €94,762 (2004 - €167,837) and from Sogrape Vinhos SA was €394,742 (2004: €371,822) and the amount due to Sogrape Vinhos SA was €500,000 (2004 €nil).

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.