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PORTUGAL VENTURE LIMITED

Report and Financial Statements

31 December 2006

MONDAY



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COMPANIES HOUSE

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

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Portugal Venture Limited

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2006

PRINCIPAL ACTIVITY

During the year ended 31 December 2006, 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 €107,532 (2005 - €498,166). A final dividend of €498,166 in respect of 2005 was declared in the year and a dividend of €107,532 is recommended in respect of 2006.

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 2006 and at 31 December 2005. 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.

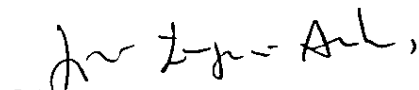
AUDITORS

In accordance with Section 386 of the Companies Act 1985 a resolution was passed on 17 October 2006 to dispense with the obligation to appoint auditors annually and accordingly PricewaterhouseCoopers LLP shall be deemed reappointed as auditors.

Having made enquiries of fellow directors and of the company's auditors, each of the directors confirms that

- to the best of his knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- he has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



J Antunes
Secretary

2/10/2007

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 2006 which comprise the 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

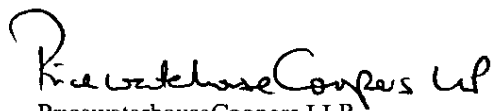
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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, in accordance with United Kingdom Generally Accepted Practice, of the state of the company's affairs as at 31 December 2006 and of its profit or 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
Registered Auditor
London
3.10.2007

Portugal Venture Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2006

	Notes	2006 €	2005 €
TURNOVER	2	1,843,557	1,846,948
Administrative expenses		(124,623)	(148,944)
Marketing expenses		(1,580,000)	(1,000,000)
		(1,704,623)	(1,148,944)
Operating profit		138,934	698,004
Bank interest receivable		14,683	7,783
Other interest receivable		—	5,879
Profit on ordinary activities before taxation	3	153,617	711,666
Taxation	4	(46,085)	(213,500)
Profit for the period		107,532	498,166

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 2006

	Notes	2006 €	2005 €
FIXED ASSETS			
Intangible assets	6	—	—
Investment in subsidiary undertaking	5	156	156
		<u>156</u>	<u>156</u>
CURRENT ASSETS			
Debtors	7	1,139,907	893,545
Cash at bank and in hand		602,365	144,687
		<u>1,742,272</u>	<u>1,038,232</u>
CREDITORS amounts falling due within one year	8	1,633,336	538,662
NET CURRENT ASSETS		<u>108,936</u>	<u>499,570</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>109,092</u>	<u>499,726</u>
CAPITAL AND RESERVES			
Called up share capital	9	1,560	1,560
Profit and loss account		107,532	498,166
EQUITY SHAREHOLDERS' INTERESTS	10	<u>109,092</u>	<u>499,726</u>

Notes on pages 9 to 12 are part of these accounts

Approved by the board on 10th September, 2007 and signed on its behalf by

J. Name

Director

21/10/2007

Portugal Venture Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2006

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. As a result, the dividends shown on note 10 are those approved in the period. Prior results were accordingly restated and this led to an increase in net assets attributable to shareholders of €1,327,559 for the year ended 31 December 2004

2 TURNOVER

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

3. OPERATING PROFIT BEFORE TAX

	2006 €	2005 €
Operating profit before tax is stated after charging		
Auditors' remuneration	10,000	10,000
Directors' remuneration	—	—
Amortisation of intangible assets	—	2,506
	<u> </u>	<u> </u>

Portugal Venture Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2006

4 TAXATION

	2006 €	2005 €
Current tax		
UK corporation tax	46,085	213,500
Factors affecting the current tax		
Profit on ordinary activities	153,617	711,666
Tax at standard rate of 30%	46,085	213,500
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 2005 and 31 December 2006	156

6 INTANGIBLE ASSETS

	2006 €
COST	
Trademarks	-
At 31 December 2005 and 31 December 2006	7,314
AMORTISATION	
At 31 December 2005 and 31 December 2006	7,314
NET BOOK VALUE	
At 31 December 2006	-
At 31 December 2005	-

Portugal Venture Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 December 2006

7 DEBTORS

	2006 €	2005 €
Amounts owing by group undertakings	474,801	489,504
Other debtors	1,845	2,305
Tax recoverable	660,636	399,164
Prepayments	2,625	2,572
	<u>1,139,907</u>	<u>893,545</u>

8. CREDITORS – amounts falling due within one year

	2006 €	2005 €
Amounts owing to group undertakings	1,080,883	500,000
Other creditors	5,582	156
Corporation tax	–	–
Accruals	48,705	38,506
Dividend payable	498,166	–
	<u>1,633,336</u>	<u>538,662</u>

9 SHARE CAPITAL

	<i>Authorised, allotted and fully paid</i>	
	2006 €	2005 €
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 2006

10. RESERVES AND MOVEMENT IN SHAREHOLDERS' FUNDS

	<i>Share capital</i>	<i>Profit & Loss Account</i>	<i>Total</i>
	€	€	€
At 31 December 2004 as restated	1,560	1,327,559	1,329,119
Profit for the year	-	498,166	498,166
Dividend	-	(1,327,559)	(1,327,559)
At 31 December 2005	1,560	498,166	499,726
Profit for the year	-	107,532	107,532
Dividend	-	(498,166)	(498,166)
At 31 December 2006	1,560	107,532	109,092

Dividends of €498,166 have been approved during the year and will be paid during 2007

11. RELATED PARTIES

During the year the company charged €378,407 (2005 €443,142) to Sandeman Jerez, a fellow subsidiary undertaking and €1,465,150 (2005 €1,403,806) 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 €nil (2005 €44) on the company's behalf. Sogrape Vinhos SA charged €10,597 (2005 €20,299) for management fees and €1,580,000 (2005 €1,000,000) for marketing expenses. At 31 December 2006 the amount due from Sandeman Jerez was €72,230 (2005 €94,762) and from Sogrape Vinhos SA was €402,571 (2005 €394,742) and the amount due to Sogrape Vinhos SA was €1,080,883 (2005 €500,000).

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.