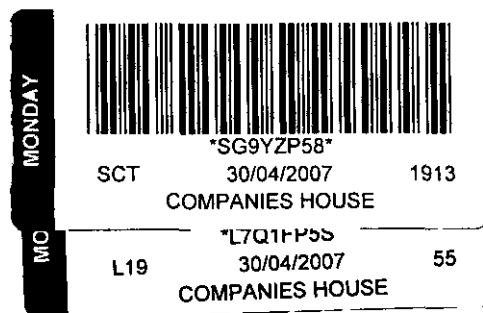


Company Registration No SCO 46978 (Scotland)

STRUTHERS (LOCHWINNOCH) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006



STRUTHERS (LOCHWINNOCH) LIMITED

COMPANY INFORMATION

Directors

Calogero Alfano
Paul E Alfano
Gaetano Alfano

Secretary

Paul E Alfano

Company number

SCO 46978

Registered office

Church Street
Lochwinnoch
Renfrewshire
PA12 4JA

Auditors

HLB Vantis Audit Plc
82 St John Street
London
EC1M 4JN

STRUTHERS (LOCHWINNOCH) LIMITED

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STRUTHERS (LOCHWINNOCH) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2006

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

Principal activities and review of the business

The principal activity of the company is that of manufacturer and distributor of soft drinks and natural spring water

Due to strategic reorganisation of the group's business and activities, the company ceased production in January 2006 but continues to trade with one other supplier and Ciborio Limited. This is notably evident from the decreased turnover and cost of purchases, both of which have fallen by over 45%.

However, the sale of the company's freehold land and the disposal of the brand name have both generated substantial profits and reversed the company's operating loss situation to a net profit position of £447,826.

The directors are satisfied with the results for the year and will continue to wind down the company's business within the next twelve months as planned.

For further information, please refer to the group statutory financial statements of Alfano Brothers Limited.

Results and dividends

The results for the year are set out on page 5.

Directors

The following directors have held office since 1 July 2005:

Calogero Alfano
Paul E. Alfano
Gaetano Alfano

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	30 June 2006	1 July 2005
Calogero Alfano		
Paul E. Alfano		
Gaetano Alfano		

The directors' interests in the share capital of the parent undertaking are disclosed in the consolidated financial statements of Alfano Brothers Limited.

Auditors

On 1 April 2006, HLB Vantis Audit changed its name to HLB Vantis Audit plc. A resolution to re-appoint HLB Vantis Audit plc as the company's auditors will be proposed at the Annual General Meeting.

STRUTHERS (LOCHWINNOCH) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The 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 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

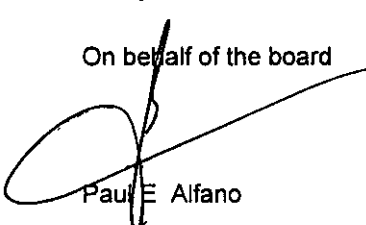
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Paul E Alfano

19/4/07.

STRUTHERS (LOCHWINNOCH) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF STRUTHERS (LOCHWINNOCH) LIMITED

We have audited the financial statements of STRUTHERS (LOCHWINNOCH) LIMITED for the year ended 30 June 2006 set out on pages 5 to 16. 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 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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.

STRUTHERS (LOCHWINNOCH) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF STRUTHERS (LOCHWINNOCH) LIMITED

Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its profit 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

HLB Vantis Audit plc

HLB Vantis Audit Plc

21st March 2007

Chartered Accountants

Registered Auditors



82 St John Street

London

EC1M 4JN

STRUTHERS (LOCHWINNOCH) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2006

	Notes	2006 £	2005 £
Turnover	2	808,608	1,601,063
Cost of sales		(951,600)	(1,194,822)
Gross (loss)/profit		(142,992)	406,241
Administrative expenses		(472,274)	(490,335)
Operating loss	3	(615,266)	(84,094)
Profit on sale of property		999,900	
Profit on disposal of brand name	120,000		
		<u>120,000</u>	
Profit/(loss) on ordinary activities before interest		504,634	(84,094)
Interest payable and similar charges	4	(56,808)	(51,402)
Profit/(loss) on ordinary activities before taxation		447,826	(135,496)
Tax on profit/(loss) on ordinary activities	5		
Profit/(loss) for the year	14	<u>447,826</u>	<u>(135,496)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account


STRUTHERS (LOCHWINNOCH) LIMITED

BALANCE SHEET

AS AT 30 JUNE 2006

	Notes	2006 £	£	2005 £	£
Fixed assets					
Intangible assets	6	8,608		10,132	
Tangible assets	7	430,745		633,978	
		<u>439,353</u>		<u>644,110</u>	
Current assets					
Stocks	8	37,955		391,761	
Debtors	9	1,097,150		227,536	
Cash at bank and in hand				8	
		<u>1,135,105</u>		<u>619,305</u>	
Creditors: amounts falling due within one year	10	<u>(1,661,023)</u>		<u>(1,751,433)</u>	
Net current liabilities		<u>(525,918)</u>		<u>(1,132,128)</u>	
Total assets less current liabilities		<u>(86,565)</u>		<u>(488,018)</u>	
Creditors amounts falling due after more than one year	11	<u>(23,725)</u>		<u>(70,098)</u>	
		<u>(110,290)</u>		<u>(558,116)</u>	
Capital and reserves					
Called up share capital	13	20,000		20,000	
Share premium account	14	63,215		63,215	
Profit and loss account	14	<u>(193,505)</u>		<u>(641,331)</u>	
Shareholders' funds	15	<u>(110,290)</u>		<u>(558,116)</u>	

Approved by the Board and authorised for issue on 19/2/07


Calogero Alfano
Director


Paul E Alfano
Director

STRUTHERS (LOCHWINNOCH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

Due to the reorganisation of the group's business and activities, Struthers Ltd will wind down its business in the next twelve months

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary of a parent undertaking incorporated in Great Britain. The parent undertaking publishes consolidated financial statements which includes a consolidated cash flow statement

1.2 Turnover

Turnover represents amounts receivable in respect of the manufacturing and distribution of soft drinks and natural spring water. Sales are net of VAT and trade discounts

1.3 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit. Amortisation commenced in the year the Xeres computer system was brought in to use at 15% per annum on a reducing balance basis

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Freehold	Not depreciated due to immateriality
Land and buildings Leasehold	Straight line over the life of the lease
Plant and machinery	15% Reducing balance
Fixtures, fittings & equipment	20% Reducing balance
Motor vehicles	25% Reducing balance

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Stock

Stock is valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads

STRUTHERS (LOCHWINNOCH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

1 Accounting policies (continued)

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24. The Group Pension Scheme is eligible for employees and is funded by company contributions based on salary. Further details of this pension are given in note 12.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss	2006 £	2005 £
Operating loss is stated after charging		
Amortisation of intangible assets	1,524	1,788
Depreciation of tangible assets	132,886	122,928
Operating lease rentals	53,460	44,550
Auditors' remuneration	5,000	5,000
and after crediting		
Profit on disposal of tangible assets	(3,116)	

4 Interest payable	2006 £	2005 £
On bank loans and overdrafts	42,609	32,473
Hire purchase interest	14,199	18,929
	56,808	51,402

STRUTHERS (LOCHWINNOCH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

5	Taxation	2006	2005
	Current tax charge		
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	447,826	(135,496)
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005 19.00%)	85,087	(25,744)
	Effects of		
	Non deductible expenses	1,336	38
	Depreciation add back	25,249	23,696
	Capital allowances	(11,303)	(19,693)
	Tax losses utilised	(67,066)	15,093
	Chargeable disposals	(10,502)	
	Other tax adjustments	(22,801)	6,610
		(85,087)	25,744
	Current tax charge		

The company has estimated losses of £ 920,643 (2005 £ 920,643) available for carry forward against future trading profits

No provision for corporation tax has been made on the basis of losses carried forward

Deferred tax arising from accelerated capital allowances amounting to £65,163 (2005 £67,602) has not been recognised in the accounts because the company has accumulated losses carried forward which may not reverse within the next twelve months from the balance sheet date

STRUTHERS (LOCHWINNOCH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

6 Intangible fixed assets

	Development Costs £
Cost	
At 1 July 2005 & at 30 June 2006	31,600
	<hr/>
Amortisation	
At 1 July 2005	21,468
Charge for the year	1,524
	<hr/>
At 30 June 2006	22,992
	<hr/>
Net book value	
At 30 June 2006	8,608
	<hr/>
At 30 June 2005	10,132
	<hr/>

STRUTHERS (LOCHWINNOCH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

7 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 July 2005	100	52,804	1,620,269	258,906	117,315	2,049,394
Additions				12,799		12,799
Disposals	(100)		(92,482)	(4,200)	(107,391)	(204,173)
At 30 June 2006		52,804	1,527,787	267,505	9,924	1,858,020
Depreciation						
At 1 July 2005		19,868	1,162,812	174,254	58,482	1,415,416
On disposals			(56,611)	(2,937)	(61,480)	(121,028)
Charge for the year		32,936	68,640	19,723	11,588	132,887
At 30 June 2006		52,804	1,174,841	191,040	8,590	1,427,275
Net book value						
At 30 June 2006			352,946	76,465	1,334	430,745
At 30 June 2005	100	32,936	457,457	84,652	58,833	633,978

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Net book values				
At 30 June 2006	149,185	26,848	53,360	229,393
At 30 June 2005	175,512	49,149	71,147	295,808
Depreciation charge for the year				
At 30 June 2006	26,327	6,712	17,787	50,826
At 30 June 2005	21,731	11,591	23,716	57,038

STRUTHERS (LOCHWINNOCH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

8	Stocks	2006	2005
		£	£
	Finished goods and goods for resale	<u>37,955</u>	<u>391,761</u>
9	Debtors	2006	2005
		£	£
	Trade debtors	23,129	160,017
	Amounts owed by parent and fellow subsidiary undertakings	44,021	44,021
	Other debtors	1,030,000	764
	Prepayments and accrued income		22,734
		<u>1,097,150</u>	<u>227,536</u>
10	Creditors amounts falling due within one year	2006	2005
		£	£
	Bank loans and overdrafts	560,272	594,640
	Net obligations under hire purchase contracts	54,762	121,551
	Trade creditors	357	233,263
	Amounts owed to parent and fellow subsidiary undertakings	1,021,044	733,443
	Taxes and social security costs	11,342	45,944
	Accruals and deferred income	13,246	22,592
		<u>1,661,023</u>	<u>1,751,433</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company

STRUTHERS (LOCHWINNOCH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

11 Creditors amounts falling due after more than one year	2006	2005
	£	£
Net obligations under hire purchase contracts	23,725	70,098
Net obligations under hire purchase contracts		
Repayable within one year	54,762	123,652
Repayable between one and five years	23,725	106,257
	78,487	229,909
Finance charges and interest allocated to future accounting periods		(38,260)
	78,487	191,649
Included in liabilities falling due within one year	(54,762)	(121,551)
	23,725	70,098
12 Pension costs		
Defined contribution		
	2006	2005
	£	£
Contributions payable by the company for the year	1,860	3,425
13 Share capital	2006	2005
	£	£
Authorised		
20,000 Ordinary shares of £1 each	20,000	20,000
Allotted, called up and fully paid		
20,000 Ordinary shares of £1 each	20,000	20,000

STRUTHERS (LOCHWINNOCH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

14 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 July 2005	63,215	(641,331)
Profit for the year		447,826
Balance at 30 June 2006	<u>63,215</u>	<u>(193,505)</u>

15 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit/(Loss) for the financial year	447,826	(135,496)
Opening shareholders' funds	<u>(558,116)</u>	<u>(422,620)</u>
Closing shareholders' funds	<u>(110,290)</u>	<u>(558,116)</u>

16 Contingent liabilities

The company has given an unlimited guarantee to its bankers in respect of the borrowings of the following group undertakings. The total borrowings at the balance sheet date were Ciborio Limited £515,0919 (2005 £5,258,205), Alfano Brothers Limited £3,724,705 (2005 £2,851,105), and Hunter and Currie (Scotland) Limited £NIL (2005 £NIL)

17 Financial commitments

At 30 June 2006 the company was committed to making the following payments under non cancellable operating leases in the year to 30 June 2007

	Land and buildings 2006 £	2005 £
Operating leases which expire in over five years		<u>53,460</u>

STRUTHERS (LOCHWINNOCH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2006 Number	2005 Number
Office and administration	3	3
Factory and engineering	15	18
Transport and sales	3	5
	<u>21</u>	<u>26</u>

Employment costs

	2006 £	2005 £
Wages and salaries	237,884	319,244
Social security costs	17,336	27,588
Other pension costs	1,860	3,425
	<u>257,080</u>	<u>350,257</u>

19 Control

The ultimate parent company is Alfano Brothers Limited, a company registered in England and Wales
Copies of consolidated accounts may be obtained from 74 Long Drive, Greenford, Middlesex, UB6 8XH

STRUTHERS (LOCHWINNOCH) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2006

20 Related party transactions

The company's transactions during the period under review included the following

Name of related party	Nature of Related party	Transaction Type	Transaction Value £	Debtor/(Creditor) balance as at 30 June 2006 £
(i) Alfano Brothers Limited	Parent company	Intercompany balance		44,021
(ii) Ciborio Limited	Common control	Sales	220,572	
		Purchases	403	
		Intercompany balance		(505,908)
(iii) Hunter and Currie Limited	Common control	Sales	8,935	
		Purchases	200	
		Intercompany balance		(474,628)
(iv) Krystal Klear Draught Drinks Limited	Common control	Intercompany balance		(40,508)
(v) Alfano Brothers Pension Scheme	Common control	Rents payable	53,460	
		Sale of freehold land	1,000,000	
		Intercompany balance		1,000,000