2627421

SUPERMALT UK LIMITED
(FORMERLY ROBERT CAIN & COMPANY LIMITED)

Report and Accounts

31 December 2000

ERNST & YOUNG



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COMPANIES HOUSE 09/09/02

Supermalt UK Limited (formerly Robert Cain & Company Limited)

Registered No. 2627421

DIRECTORS
J Worning
U Sorensen
P Friis
O Timm

SECRETARY
A Buckley

AUDITORS
Ernst & Young LLP
Silkhouse Court
Tithebarn Street
Liverpool L2 2LE

SOLICITORS
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BANKERS
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75 King William Street
London
EC4N 7DT

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DIRECTORS' REPORT

The directors present their report and group accounts for the year ended 31 December 2000.

RESULTS AND DIVIDENDS

The group loss for the year, after taxation amounted to £1,406,630 (1999: profit £170,468). The directors do not recommend a dividend leaving the loss of £1,406,630 to be transferred to reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company has developed a considerable volume base for beers produced at the Liverpool brewery and for products imported from the Danish parent company.

Sales of the Group's brands have continued to increase supported by volume derived from the production of beers and lager under exclusive labels. Although, volumes and contribution from brands increased again in 2000 this was negated by a steep decline in private label business. The market for private label beer is in decline due to aggressive promotion of the major brands and an ever increasing consumer preference for brands.

FUTURE DEVELOPMENTS

The development of the Group's brands has been accelerated during 2001 in order to reduce the dependence on commodity/private label business. This has required additional investment in brand development and support activities.

The Group owns and operates nine public houses. All continue to perform well except two which were re-vitalised during 2001.

The Group anticipates considerable growth of its branded business and expects to gain new private label business to maintain volume in this declining sector.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

J Worning	
U Sorensen	
S Holt	(resigned 4 July 2001)
S Shanahan	(resigned 6 December 2000)
P Friis	
B S Jensen	

None of the directors at the year end had any disclosable interest in the shares of the UK group.

O Timm was appointed director on 1 September 2001. B S Jensen resigned as director on 15 February 2002.

EVENTS SINCE THE BALANCE SHEET DATE

In December 2001 the parent company announced its intention to sell or close the brewing, pub estate and distribution businesses. In July 2002, the company completed the sale and relevant trades and assets and realised an overall loss on disposal of approximately £1,812,000 including associated costs and provisions.

The company will continue to import and distribute malt drinks.

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DIRECTORS' REPORT

AUDITORS

On 28 June 2001, Ernst & Young, the Group's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as auditors to the Group will be put to the Annual General Meeting.

On behalf of the Board

Director

- 7 SEP 2002

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STATEMENT OF DIRECTORS' 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 the affairs of the company and of the group and of the profit or loss of the group 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 group will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SUPERMALT UK LIMITED

We have audited the group's financial statements for the year ended 31 December 2000 which comprise Group Profit and Loss Account, Reconciliation of Shareholders' Funds, Group Balance Sheet, Company Balance Sheet and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

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.

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 group's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations necessary in order to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited because the directors were unable to provide us with sufficient information about the company's performance, future trading prospects and its current financial position in order to satisfy ourselves as to the appropriateness of the going concern basis in preparing the accounts.

In forming our opinion we have also evaluated the overall adequacy of the presentation of information in the accounts.

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Qualified opinion arising from limitation in scope and disagreement about accounting treatment

Included within fixed assets at 31 December 2000 are land and buildings, plant and machinery and fixtures and fittings amounting to £5,780,789 relating to the company's brewery and estate of public houses. As described in note 21, the trades and assets and liabilities relating to these businesses were sold in July 2002. The total consideration for these assets was approximately £2,381,000 less than the carrying values at 31 December 2000. In our opinion, a provision of up to £2,381,000 should have been made in accordance with FRS11 reducing profit before tax and net assets by that amount.

Except for the absence of this provision and any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the appropriateness of the going concern basis in preparing the accounts, in our opinion the financial statements give a true and fair view of the state of affairs of the group as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Liverpool

Ernst & Young LLP

9 September 2002

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2000

	Notes	*2000* £	*1999* £
TURNOVER			
Turnover: group and share of joint venture's turnover		31,952,225	35,061,349
Less: share of joint venture's turnover		(105,402)	(90,303)
GROUP TURNOVER	2	31,846,823	34,971,046
Cost of sales		27,560,547	29,015,912
Gross profit		4,286,276	5,955,134
Distribution costs		1,104,812	1,254,711
Administrative expenses		4,151,344	4,018,944
		5,256,156	5,273,655
GROUP OPERATING (LOSS)/PROFIT	3	(969,880)	681,479
Share of operating profit in joint venture		75,380	88,529
TOTAL OPERATING (LOSS)/PROFIT: GROUP AND SHARE OF JOINT VENTURE		(894,500)	770,008
Loss on disposal of tangible fixed assets		-	(2,901)
Interest payable	6	(448,113)	(485,755)
Interest receivable	7	1,657	1,838
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,340,956)	283,190
Tax charge on profit on ordinary activities	8	65,674	112,722
(LOSS)/PROFIT RETAINED FOR THE YEAR		(1,406,630)	170,468

RECOGNISED GAINS AND LOSSES

	2000 £	*1999* £
(Loss)/profit for the financial year	(1,406,630)	170,468
Total recognised gains and losses relating to the year	(1,406,630)	170,468

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RECONCILIATION OF SHAREHOLDERS' FUNDS
for the year ended 31 December 2000

	2000 £	*1999* £
Total recognised gains and losses	(1,406,630)	170,468
Shareholders' funds at 1 January	3,536,008	3,365,540
Shareholders' funds at 31 December	2,129,378	3,536,008

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GROUP BALANCE SHEET
at 31 December 2000

	Notes	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible assets	10		5,780,789		6,016,257
Investment in joint venture:	11				
Share of gross assets		228,469		290,241	
Share of gross liabilities		(31,596)		(28,921)	
			196,873		261,320
			5,977,661		6,277,577
CURRENT ASSETS					
Stocks	12		1,249,810		2,091,968
Debtors	13		6,523,942		7,963,786
Cash at bank and in hand			25,951		60,751
			7,799,703		10,116,505
CREDITORS: amounts falling due within one year	14		8,647,987		12,858,074
NET CURRENT LIABILITIES			(848,284)		(2,741,569)
TOTAL ASSETS LESS CURRENT LIABILITIES			5,129,378		3,536,008
CREDITORS: amounts falling due after more than one year					
Loans	15		3,000,000		-
			2,129,378		3,536,008
CAPITAL AND RESERVES					
Called up share capital	16		6,000,000		6,000,000
Share premium account	17		1,500,000		1,500,000
Profit and loss account	17		(5,370,622)		(3,963,992)
EQUITY SHAREHOLDERS' FUNDS			2,129,378		3,536,008

Director

Date 7-09-2002

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BALANCE SHEET
at 31 December 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	10	5,780,789	6,016,257
Investments	11	2,474,531	2,438,423
		8,255,320	8,454,680
CURRENT ASSETS			
Stocks	12	1,249,810	2,091,968
Debtors	13	6,523,942	7,963,786
Cash at bank and in hand		25,951	60,751
		7,799,703	10,116,505
CREDITORS: amounts falling due within one year	14	10,871,273	15,005,754
NET CURRENT LIABILITIES		(3,071,570)	(4,889,249)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,183,750	3,565,431
CREDITORS: amounts falling due after more than one year			
Loans	15	3,000,000	-
		2,183,750	3,565,431
CAPITAL AND RESERVES			
Called up share capital	16	6,000,000	6,000,000
Share premium account	17	1,500,000	1,500,000
Revaluation reserve	17	(2,310,074)	(2,346,182)
Profit and loss account	17	(3,006,176)	(1,588,387)
EQUITY SHAREHOLDERS' FUNDS		2,183,750	3,565,431

Director
Date
7-09-2002

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NOTES TO THE ACCOUNTS
at 31 December 2000

1. ACCOUNTING POLICIES

Accounting convention
The accounts are prepared under the historical cost convention modified to include the revaluation of the investment in the subsidiary undertaking and in accordance with applicable accounting standards.

Basis of consolidation
The Group accounts consolidate the accounts of Robert Cain & Company Limited and its subsidiary undertaking, drawn up to 31 December each year. No profit and loss account is presented for Robert Cain & Company Limited as permitted by section 230 of the Companies Act 1985.

Entities in which the group holds an interest on a long-term basis and are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures and are accounted for using the gross equity method.

Related party disclosures
The company has taken advantage of the exemption in paragraph 3 of Financial Reporting Standard No 8, 'Related Party Disclosures', from disclosing transactions with related parties that are part of The Danish Brewery Group A/S or investees of the group.

Tangible fixed assets
The cost of tangible fixed assets is their purchase cost or construction cost, together with any incidental costs of acquisition.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the time of acquisition, of each asset evenly over its expected useful life as follows:

Buildings	-	over 50 years
Plant and machinery	-	over 5 to 8 years
Motor vehicles	-	over 5 years
Fixtures and fittings	-	over 8 years

Incomplete projects are not depreciated until completed and the assets are brought into use.

Fixed assets are reviewed for impairment if events or in changes circumstances indicate that the carrying amount may not be recoverable.

Investments
The investment in the subsidiary undertaking is valued in the parent undertaking balance sheet at its net asset value at the period end.

Deferred taxation
Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

ERNST & YOUNG

NOTES TO THE ACCOUNTS
at 31 December 2000

1. **ACCOUNTING POLICIES** (continued)

Stocks
Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value, as follows:

Cost incurred in bringing each product to its present location and condition:

Raw materials and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Goodwill
Goodwill represents the excess of purchase consideration over the fair value of the underlying net assets acquired. Goodwill arising on acquisitions prior to 31 December 1997 was set off directly against reserves. Goodwill treated in such a manner has not been reinstated on implementation of FRS 10.

Leasing
Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions
The group operates a defined contribution pension scheme. Contributions payable in accordance with the rules of the scheme for the accounting period are charged to the profit and loss account.

Cash flow statement
The company has taken advantage of the exemption under Financial Reporting Standard Number 1 (Revised 1996) Cash Flow Statements not to prepare a cash flow statement as it is a wholly owned subsidiary undertaking.

2. **TURNOVER**
Turnover, which is stated net of value added tax, represents amounts invoiced to third parties for goods and services supplied.

The turnover is attributable to one continuing activity, the brewing and canning of beers and lagers.

An analysis of turnover by geographical market is given below:

	2000 £	*1999* £
United Kingdom	31,069,439	33,744,393
Denmark	549,920	875,901
Ireland	227,464	350,752
	31,846,823	34,971,046

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NOTES TO THE ACCOUNTS
at 31 December 2000

3. OPERATING PROFIT

This is stated after charging:

		2000 £	1999 £
Auditors' remuneration	- audit	18,000	18,000
	- non audit	13,425	23,270
Depreciation of owned tangible fixed assets		700,038	668,245
Operating lease rentals	- plant and machinery	54,560	46,790
	- other	130,160	106,711

4. DIRECTORS' REMUNERATION

	2000 £	1999 £
Emoluments	165,420	154,391
Pension contributions	18,600	16,530
	184,020	170,921
Compensation for loss of office	28,500	-

The number of directors to whom retirement benefits are accruing in respect of qualifying services under money purchase pension schemes is 2.

5. STAFF COSTS

	2000 £	1999 £
Wages and salaries	2,060,571	2,056,317
Social security costs	197,371	183,914
Other pension costs	109,823	96,119
	2,367,765	2,336,350

The monthly average number of employees during the period was as follows:

	2000 No.	1999 No.
Production	55	58
Sales and distribution	52	50
Office and administration	13	14
	120	122

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NOTES TO THE ACCOUNTS
at 31 December 2000

6. INTEREST PAYABLE

	2000 £	1999 £
Bank loans and overdrafts	448,113	485,697
Share of joint venture's interest	-	58
	448,113	485,755

The bank loan is wholly repayable within five years.

7. INTEREST RECEIVABLE

	2000 £	1999 £
Group interest receivable	736	1,152
Share of joint venture's interest	921	686
	1,657	1,838

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge/(credit) is made up as follows:

	2000 £	1999 £
Based on the result for the year:		
Corporation tax at 30%	39,370	39,500
Corporation tax under-provided in previous years	16,255	84,172
Consideration for sale of tax losses – consortium relief	-	(8,686)
	55,625	114,986
Share of joint venture's tax:		
Corporation tax	10,049	(2,264)
	65,674	112,722

There is no potential liability to deferred taxation and accordingly no provision has been made. The company has available tax losses, the taxation benefit of which, taken at 30% (1999: 30%), amount to approximately £1,600,000 (1999 £1,255,000).

9. RESULT DEALT WITH IN THE ACCOUNTS OF THE PARENT UNDERTAKING

The loss dealt with in the accounts of the parent undertaking was £1,417,789 (1999 £113,130 profit).

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NOTES TO THE ACCOUNTS
at 31 December 2000

10. TANGIBLE FIXED ASSETS

Group and company	*Freehold land and buildings*	*Plant and machinery*	*Motor vehicles*	*Fixtures and fittings*	*Total*
	£	£	£	£	£
Cost:					
At 1 January 2000	2,927,650	6,044,619	114,492	1,614,210	10,700,971
Additions	237,809	124,699	21,618	81,619	465,745
Disposals	-	-	(16,795)	-	(16,795)
At 31 December 2000	3,165,459	6,169,318	119,315	1,695,829	11,149,921
Depreciation:					
At 1 January 2000	381,960	3,832,014	49,505	421,235	4,684,714
Provided during the year	60,931	421,616	20,791	196,700	700,038
Disposals	-	-	(15,620)	-	(15,620)
At 31 December 2000	442,891	4,253,630	54,676	617,935	5,369,132
Net book value:					
At 31 December 2000	2,722,568	1,915,688	64,639	1,077,894	5,780,789
At 31 December 1999	2,545,690	2,212,605	64,987	1,192,975	6,016,257

Additions include incomplete projects which have not been brought into use at the year end of £135,779 (plant and machinery) and £48,246 (fixtures and fittings).

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NOTES TO THE ACCOUNTS
at 31 December 2000

11. INVESTMENTS

Group

	£
Joint venture	
At 1 January 2000	261,320
Share of profit	66,251
Dividend received	(130,699)
At 31 December 2000	196,872

Company

	Joint venture £	*Other fixed asset investments* £	*Total* £
Cost or valuation:			
At 1 January 2000	251,243	2,187,180	2,438,423
Revaluation	-	36,108	36,108
At 31 December 2000	251,243	2,223,288	2,474,531
Amounts provided:			
At 1 January 2000 and 31 December 2000	-	-	-
Net book value:			
At 31 December 2000	251,243	2,223,288	2,474,531
At 1 January 2000	251,243	2,187,180	2,438,423

The group and the company have one joint venture, Vitamalt (West Africa) Limited, registered in England and Wales, which is engaged in the development of the 'Vitamalt' malt drink brand in Nigeria, Benin, Burkina Faso, Ghana, Liberia, Mali and Niger. At 31 December 2000 Robert Cain & Company Limited holds 5,000 shares, each with a nominal value of £1, representing 50% of the issued share capital of Vitamalt (West Africa) Ltd and has 50% of the voting rights.

Robert Cain & Company Limited has one wholly owned subsidiary undertaking, Faxe UK Limited, registered in England and Wales. The subsidiary undertaking is no longer trading but earns interest on group balances.

The investment in the subsidiary undertaking is stated at the net asset value. The historical cost of the investment included at valuation is as follows:

	2000 £	*1999* £
At 31 December	4,533,361	4,533,361

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NOTES TO THE ACCOUNTS
at 31 December 2000

12. STOCKS

Group and company

	2000	*1999*
	£	£
Raw materials and consumables	237,654	274,358
Work in progress	118,282	146,577
Finished goods and goods for resale	893,874	1,671,033
	1,249,810	2,091,968

The difference between purchase price or production cost of stocks and their replacement cost is not material.

13. DEBTORS

Group and company

	2000	*1999*
	£	£
Trade debtors	6,319,124	7,804,780
Amounts due from joint venture	9,376	6,689
Other debtors	66,367	21,031
Prepayment and accrued income	129,075	131,286
	6,523,942	7,963,786

14. CREDITORS: amounts falling due within one year

	Group		*Company*	
	2000	*1999*	*2000*	*1999*
	£	£	£	£
Bank loan	-	3,000,000	-	3,000,000
Bank overdraft	3,723,001	4,372,432	3,723,001	4,372,432
Trade creditors	1,074,503	1,508,730	1,074,503	1,508,730
Amounts due to parent undertaking	1,126,640	639,348	1,126,640	639,348
Amounts due to subsidiary undertaking	-	-	2,262,659	2,187,180
Corporation tax	39,370	39,500	-	-
Other taxes and social security costs	2,248,789	2,626,835	2,248,789	2,626,835
Other creditors	12,035	145,476	12,035	145,476
Accruals	423,649	525,753	423,646	525,753
	8,647,987	12,858,074	10,871,273	15,005,754

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NOTES TO THE ACCOUNTS
at 31 December 2000

15. LOANS

Group and company	*2000* £	*1999* £
Wholly repayable within five years:		
Bank loan	3,000,000	3,000,000

The maturity of the debt is as follows:

	2000 £	*1999* £
Amounts due for repayment:		
in one year or less	-	3,000,000
between one and two years	3,000,000	-
	3,000,000	3,000,000
Included within creditors: amounts falling due within one year	-	3,000,000
	3,000,000	-

16. SHARE CAPITAL

	Authorised		*Allotte,d called up and fully paid*	
	2000 No	*1999* No	*2000* £	*1999* £
Ordinary shares of £1 each	6,000,000	6,000,000	6,000,000	6,000,000

17. RESERVES

Group	*Share premium account* £	*Profit and loss account* £
At 1 January 1999	1,500,000	(4,134,460)
Retained profit for the year	-	170,468
At 1 January 2000	1,500,000	(3,963,992)
Retained profit for the year	-	(1,406,630)
At 31 December 2000	1,500,000	(5,370,622)

The cumulative amount of goodwill written off at 31 December 1999 is £1,479,344 (1999 - £1,479,344).

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NOTES TO THE ACCOUNTS
at 31 December 2000

17. RESERVES (continued)

Company

	Share premium account	*Revaluation reserve*	*Profit and loss account*
	£	£	£
At 1 January 1999	1,500,000	(2,392,597)	(1,701,517)
Surplus on revaluation of investment	-	46,415	-
Profit for the year	-	-	113,130
At 31 December 1999	1,500,000	(2,346,182)	(1,588,387)
Surplus on revaluation of investment	-	36,108	-
Loss for the year	-	-	(1,417,789)
At 31 December 2000	1,500,000	(2,310,074)	(3,006,176)

18. CAPITAL COMMITMENTS

Group and company

	2000	*1999*
	£	£
Contracted	-	235,053

19. PENSION COMMITMENTS

The group operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. There were no unpaid contributions at the year end.

20. OTHER FINANCIAL COMMITMENTS

Group and company

At 31 December 2000 there were annual commitments under non - cancellable operating leases as set out below:

	2000	*1999*
	£	£
Operating leases which expire:		
within one year	36,757	32,285
within two to five years	91,799	76,487
	128,556	108,772

None of these commitments were in respect of land and buildings.

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21. POST BALANCE SHEET EVENTS

In December 2001 the parent company announced its intention to sell or close the brewing, pub estate and distribution businesses. In July 2002, the company completed the sale and relevant trades and assets and realised an overall loss on disposal of approximately £1,812,000 including associated costs and provisions.

The company will continue to import and distribute malt drinks.

22. PARENT UNDERTAKING

The company is a wholly owned subsidiary undertaking of The Danish Brewery Group A/S, which is incorporated in Denmark. Group accounts may be obtained from Torvegade 35 Fakse, DK-4640, Denmark.

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