
HALEWOOD INTERNATIONAL MARKETING LIMITED

REPORT AND FINANCIAL STATEMENTS

◆ *Period ended 30 June 2000* ◆



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COMPANY INFORMATION

Director	J E Halewood H Melling S J Oldroyd
Secretary	S J Oldroyd
Registered office	The Sovereign Distillery Wilson Road Huyton Industrial Estate Huyton Liverpool L36 6JX
Registered number	3861237
Auditors	RSM Robson Rhodes Chartered Accountants Colwyn Chambers 19 York Street Manchester M2 3BA
Bankers	Lloyds Bank plc 94 Fishergate Preston Lancashire PR1 2JB

REPORT OF THE DIRECTORS

The directors have pleasure in presenting the financial statements of the company for the period ended 30 June 2000, together with the auditors' report thereon.

Incorporation and change of name

The company was incorporated as Selectatech Limited on 19 October 1999 and changed its name to Halewood International Marketing Limited on 27 March 2000.

Principal activities

The company commenced trading on 3 April 2000. The company provides marketing services within the Halewood International group.

Ultimate parent undertaking

The ultimate parent undertaking is Halewood International Holdings PLC, a company incorporated in England.

Share capital

On 30 June 2000 the company issued 100 £1 ordinary shares to the ultimate parent company at par.

Review of business and future prospects

The results for the year are set out in the profit and loss account on page 5.

Results and dividends

The profit for the year after taxation amounted to £25,793. The directors propose a dividend of £24,000 and the balance of profit has been transferred to reserves.

Directors

The present directors of the company are set out on page 1. Changes in directors during the period are set out below:

J E Halewood	(Appointed 1 April 2000)
H Melling	(Appointed 1 April 2000)
S J Oldroyd	(Appointed 1 April 2000)
Corporate Appointments Limited	(Appointed 19 October 1999, resigned 1 November 1999)
t.p.d.d Limited	(Appointed 1 November 1999, resigned 1 April 2000)

The directors did not hold any shares in the company at 30 June 2000 or on appointment. The directors' interests in the shares of the ultimate parent undertaking are disclosed in the financial statements of that company.

REPORT OF THE DIRECTORS (Continued)

Directors' responsibilities

Company law requires directors to prepare financial statements for each financial period 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 these financial statements, the director has:

- ◆ selected suitable accounting policies and applied them consistently;
- ◆ made judgements and estimates that are reasonable and prudent;
- ◆ followed applicable accounting standards; and
- ◆ prepared the financial statements on the going concern basis.

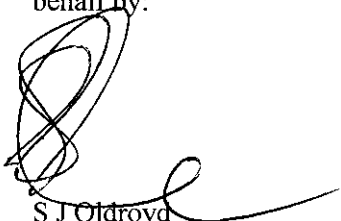
Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of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

Auditors

RSM Robson Rhodes were appointed as the company's first auditors during the year and have expressed their willingness to continue in office. A resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

Approval

The Report of the Directors was approved by the Board on 27 April 2001 and signed on its behalf by:


S J Oldroyd
Secretary

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
HALEWOOD INTERNATIONAL MARKETING LIMITED**

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 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 information contained in the Annual Report and consider whether it is consistent with the audited financial statements. 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 information outside the Annual Report.

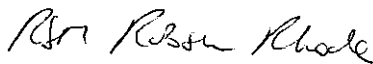
Basis of audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes

Chartered Accountants and Registered Auditors

Manchester, England

27 April 2001

HALEWOOD INTERNATIONAL MARKETING LIMITED

PROFIT AND LOSS ACCOUNT
for the period ended 30 June 2000

	Note	2000 £
Turnover: continuing operations	1 & 2	1,917,000
Cost of sales		(1,877,212)
Gross profit		39,788
Administration expenses		(6,169)
Operating profit: continuing operations	3	33,619
Interest payable	6	(3,826)
Profit on ordinary activities before taxation		29,793
Tax on profit on ordinary activities	7	(4,000)
Profit for the year		25,793
Dividends	8	(24,000)
Retained profit	15	1,793

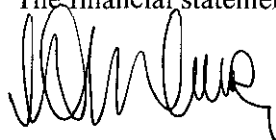
There were no recognised gains or losses other than those stated above.

HALEWOOD INTERNATIONAL MARKETING LIMITED

BALANCE SHEET**At 30 June 2000**

	Note	2000 £
Fixed assets		
Tangible assets	9	289,182
Investments	10	375,006
		664,188
Current assets		
Debtors	11	1,049,807
Cash at bank and in hand		293,212
		1,343,019
Creditors: Amounts falling due within one year	12	(1,979,369)
Net current liabilities		(636,350)
Total assets less current liabilities		27,838
Creditors: Amounts falling due after more than one year	13	(25,945)
Net assets		1,893
Capital and reserves		
Called up share capital	14	100
Profit and loss account	15	1,793
Equity shareholders' funds	16	1,893

The financial statements were approved by the Board on 27 April 2001 and signed on its behalf by:



H Melling
Director

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 June 2000

1. ACCOUNTING POLICIES

Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. The principal accounting policies which the directors have adopted within that convention are set out below.

The company is exempt from publishing a cash flow statement because it is a wholly owned subsidiary undertaking of Halewood International Holdings PLC which publishes a consolidated cash flow statement.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Fixtures and fittings, plant and machinery	10% to 25% on cost
Motor vehicles	25% on cost

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes any expenses incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated selling price less further costs of disposal.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision for deferred taxation is made under the liability method to the extent it is likely that it will become payable in the foreseeable future.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

Leasing

Where assets are financed by hire purchase the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. Future obligations are shown as a liability. The interest element of repayments made are charged to the profit and loss account on a straight line basis.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 June 2000**1. ACCOUNTING POLICIES (Continued)****Pensions**

The company operates a defined contribution pension scheme in respect of certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost for the scheme represents contributions payable by the company in the year.

Turnover

Turnover comprises sales to customers less discounts and allowances and is net of value added tax.

Investments

Investment assets are stated at cost. Depreciation is to be charged on investments to write them down to a residual value over a five year period.

2. SEGMENTAL ANALYSIS

All turnover derives from the principal activity analysed by geographical market as follows:

	3 months ended 30 June 2000 £
United Kingdom	1,917,000

3. OPERATING PROFIT

	3 months ended 30 June 2000 £
Operating profit is arrived at after charging:	
Auditors' remuneration	2,000
Depreciation of tangible fixed assets	29,341

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 June 2000**4. EMPLOYEES**

	3 months ended 30 June 2000 £
Wages and salaries	642,815
Social security costs	73,636
Pensions - defined contribution scheme	2,159
	718,610

The average weekly number of employees during the period since trading commenced was made up as follows:

	2000 Number
Administration	8
Selling	10
	18

5. DIRECTORS' EMOLUMENTS

J E Halewood, a director of the ultimate parent company, Halewood International Holdings PLC, is the highest paid director. Accordingly, his remuneration is disclosed in the parent company financial statements.

H Melling and S J Oldroyd received no remuneration from the company during the period.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 June 2000**6. INTEREST PAYABLE**

	3 months ended 30 June 2000 £
Bank overdraft	1,027
Hire purchase interest	2,792
Other interest	7
	3,826

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	3 months ended 30 June 2000 £
Corporation tax at 30%	4,000

There is no liability to deferred tax.

8. DIVIDENDS

	3 months ended 30 June 2000 £
Proposed dividend on ordinary shares	24,000

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 June 2000

9. TANGIBLE FIXED ASSETS

	Plant & machinery £	Motor vehicles £	Fixtures and fittings and computer equipment £	Total £
Cost				
At 19 October 1999	-	-	-	-
Additions	2,983	31,000	-	33,983
Disposals	-	(23,900)	-	(23,900)
Transfers from group companies	43,577	411,214	23,826	478,617
At 30 June 2000	46,560	418,314	23,826	488,700
Accumulated depreciation				
At 19 October 1999	-	-	-	-
Charge for the period	2,007	26,144	1,190	29,341
Disposals	-	(12,945)	-	(12,945)
Transfers from group companies	28,380	146,912	7,830	183,122
At 30 June 2000	30,387	160,111	9,020	199,518
Net book value				
At 30 June 2000	16,173	258,203	14,806	289,182

The book value of fixed assets includes an amount of £154,402 in respect of assets held under hire purchase contracts. Depreciation charged in respect of these assets was £9,620.

10. INVESTMENTS

	£
Cost	
At 19 October 1999	-
Transfers from group companies	371,506
Additions	3,500
Disposals/(write offs)	-
At 30 June 2000	375,006

Investments represent the cost of race horses.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 June 2000**11. DEBTORS**

	2000 £
Other debtors	12,040
Prepayments	54,585
Amount due from fellow subsidiaries	983,182
	1,049,807

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £
Hire purchase finance	73,046
Debt due within one year	73,046
Trade creditors	352,272
Corporation tax	4,000
Other taxation and social security	293,988
Accruals and deferred income	305,682
Due to parent undertaking	617,997
Due to fellow subsidiaries	308,384
Proposed dividends	24,000
	1,979,369

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £
Hire purchase finance, repayable in one to two years	25,945

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 June 2000**14. SHARE CAPITAL**

	2000 Number
Authorised	
1,000 ordinary shares of £1 each	1,000
Issued and fully paid	
100 ordinary shares of £1 each issued at par on 30 June 2000	100

15. RESERVES

	Profit and loss account £
At 19 October 1999	-
Retained profit for the year	1,793
At 30 June 2000	1,793

16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2000 £
Issue of share capital	100
Recognised gain	1,793
Closing equity shareholders funds	1,893

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 June 2000

17. CONTINGENT LIABILITY

The company is party to group borrowings facilities under which the various UK companies in the group have cross guaranteed the borrowings due to Lloyds TSB Bank plc. At 30 June 2000 these borrowings amounted to £16,225,000.

18. RELATED PARTY TRANSACTIONS

The company has undertaken transactions with fellow subsidiaries of Halewood International Holdings PLC. Under the provisions of Financial Reporting Standard No.8 "Related Party Disclosures" the company is exempt from disclosing the details of these transactions.

19. PENSION AND SIMILAR OBLIGATIONS

Certain company employees participate in the Hall & Bramley Staff Pension Fund. The benefits of above members of the fund are secured via money purchase accounts. There is a part service surplus in the fund which relates to the time when the scheme offered final salary related benefits. The assets of the fund are held and managed separately from these of the Group.

Particulars of the actuarial valuation of the scheme and other disclosures are given in the financial statements of Halewood International Holdings PLC.

20. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Halewood International Holdings PLC, a company registered in England. Group accounts for Halewood International Holdings PLC are available to the public on payment of the appropriate fee, from Companies Registration Office, Crown Way, Maindy, Cardiff, CF4 3UZ.