

COMPANY NO: 3861237

HALEWOOD INTERNATIONAL MARKETING LIMITED

ANNUAL REPORT

Year ended 30 June 2003



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Company Information

Directors	Mr J E Halewood S J Oldroyd D Wharton (Appointed 15 September 2003)
Secretary	Mr S J Oldroyd
Registered office	The Sovereign Distillery Wilson Road Huyton Industrial Estate Huyton Liverpool L36 6AD
Registered number	3861237
Auditors	RSM Robson Rhodes LLP Chartered Accountants Registered Auditors Colwyn Chambers 19 York Street Manchester M2 3BA
Bankers	Lloyds TSB 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 year ended 30 June 2003, together with the auditors' report thereon.

PRINCIPAL ACTIVITIES

The company provides marketing services within the Halewood International group.

REVIEW OF BUSINESS AND FUTURE PROSPECTS

A review of the business and future prospects of the group is included in the Directors' Report of the parent company accounts.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £261,711 (2002: £1,930,070). The directors do not propose a dividend (2002: £nil) and the balance of profit has been transferred to reserves.

ULTIMATE PARENT UNDERTAKING

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

DIRECTORS

The present directors of the company who served throughout the year are set out on page 1. In addition D Wharton was appointed on 15 September 2003.

The directors did not hold any shares in the company at 30 June 2003 or 30 June 2002. The directors' interests in the shares of the ultimate parent undertaking are disclosed in the financial statements of that company.

DIRECTORS' RESPONSIBILITIES

Company law in the United Kingdom 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 its profit or loss for that period. In preparing these financial statements, the directors have:

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

The 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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with the company law in the United Kingdom.

Report Of The Directors (Continued)

EMPLOYEES

During the period the company continued to provide employees with relevant information through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the company's trading position and of any significant organisational changes.

It is the policy of the company to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the company, as well as generally through training and career development.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The group's policy is to pay in accordance with terms and conditions agreed when orders are placed. Although the group does not follow any code or standard on payment policy, where terms have not been specifically agreed, invoices dated in one calendar month are paid close to the end of the following month. At 30 June 2003, the number of days of trade creditors for the group was 23 (2002 : 52 days).

AUDITORS

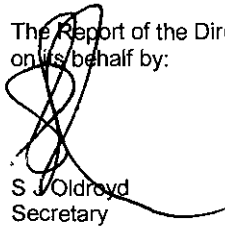
On 3rd May 2003, the auditors, RSM Robson Rhodes, transferred their entire business to RSM Robson Rhodes LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, and ceased to act as external auditors to the Group. The board appointed RSM Robson Rhodes LLP with effect from 3rd May 2003 to fill the casual vacancy. A resolution to re-appoint RSM Robson Rhodes LLP as external auditors will be proposed at the forthcoming annual general meeting.

APPROVAL

The Report of the Directors was approved by the Board on
on its behalf by:

27/04/04

and signed


S. J. Oldroyd
Secretary

Independent Auditors' Report to the Shareholders of Halewood International Marketing Limited

We have audited the financial statements on pages 5 to 12.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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 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 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors

Manchester, England

27/04/04

Profit and Loss Account

for the year ended 30 June 2003

	Note	2003 £	2002 £
Turnover: continuing operations	1 & 2	4,974,199	10,696,219
Cost of sales		(4,477,006)	(7,314,618)
Gross profit		497,193	3,381,601
Administration expenses		(103,582)	(62,072)
Operating profit: continuing operations	3	393,611	3,319,529
Interest payable	6	(10,952)	(112,123)
Interest receivable	6	15,590	-
Profit on ordinary activities before taxation		398,249	3,207,406
Tax on profit on ordinary activities	7	(136,538)	(1,277,336)
Profit for the year on ordinary activities after taxation		261,711	1,930,070
Dividends	8	-	-
Retained profit for the year	16 & 17	261,711	1,930,070

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

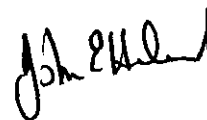
Balance Sheet

At 30 June 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	9	113,606	170,303
Investments	10	229,809	308,206
		343,415	478,509
Current assets			
Debtors	11	7,348,398	8,239,997
Cash at bank and in hand		-	3,727,590
		7,348,398	11,967,587
Creditors: amounts falling due within one year	12	(3,225,439)	(8,190,033)
Net current assets		4,122,959	3,777,554
Total assets less current liabilities		4,466,374	4,256,063
Creditors: amounts falling due after more than one year	13	-	(11,100)
Provisions for liabilities and charges	14	40,300	-
Net assets		4,506,674	4,244,963
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account	16	4,506,574	4,244,863
Equity shareholders' funds	17	4,506,674	4,244,963

The financial statements were approved by the Board on 27/04/04 and signed on its behalf by:

J E Halewood
Director



Notes to the Financial Statements

30 June 2003

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.

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. Any such write down would be charged to operating profit unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses. The principal annual rates used for other assets are:

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

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

Previously under SSAP 15 provision was only made for deferred taxation if it was probable that the tax would be 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 is 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.

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. In addition to systematic amortisation, the book value is written down to recoverable amount when any impairment is identified.

Turnover

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

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 independently administered funds. The pension cost for the scheme represents contributions payable by the company in the year.

Notes to the Financial Statements

30 June 2003

2. SEGMENTAL ANALYSIS

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

	2003 £	2002 £
United Kingdom	4,974,199	10,696,219

3. OPERATING PROFIT

Operating profit is arrived at after charging:

	2003 £	2002 £
Auditors' remuneration - audit services	3,000	2,500
- non audit services	485	-
Depreciation of tangible fixed assets	63,252	126,855

4. EMPLOYEES

Staff costs, including directors:

	2003 £	2002 £
Wages and salaries	437,245	751,532
Social security costs	45,163	78,301
Pensions - defined contribution scheme	27,900	61,532
	510,308	891,365

The average weekly number of employees, including directors, during the year was made up as follows:

	2003 Number	2002 Number
Administration & selling	13	15

5. DIRECTORS' EMOLUMENTS

The company directors are also directors of the ultimate parent company, Halewood International Holdings PLC, and their remuneration is disclosed in the parent company financial statements.

Pension contributions have not been made in respect of any of the directors (2002: two).

Notes to the Financial Statements

30 June 2003

6(a). INTEREST PAYABLE

	2003 £	2002 £
Bank overdraft	4,082	84,148
Hire purchase interest	6,870	10,975
Other interest	-	17,000
	10,952	112,123

6(b). Interest receivable

Other interest	15,590	-

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £	2002 £
United Kingdom Corporation Tax		
Current tax on income for the year	170,476	1,039,756
Adjustments in respect of prior years	6,362	237,580
Current taxation	176,838	1,277,336
Deferred taxation		
Net origination/ (reversal) of timing differences	(40,300)	-
	136,538	1,277,336

Current tax reconciliation

	2003 £	2002 £
Profit on ordinary activities before taxation	398,249	3,207,406
Theoretical tax at UK corporation tax rate 30% (2002: 30%)	119,475	962,222
Effects of:		
- expenditure not tax deductible	46,480	55,852
- difference in UK corporation tax rates	(1,650)	-
- movement on deferred tax unprovided	6,171	21,682
- prior year adjustment	6,362	237,580
	176,838	1,277,336

Notes to the Financial Statements

30 June 2003

8. DIVIDENDS

	2003 £	2002 £
Proposed dividend on ordinary shares	-	-

9. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures, fittings and computer equipment £	Total £
Cost			
At 1 July 2002	290,032	86,488	376,520
Additions	14,950	-	14,950
Disposals	(31,000)	-	(31,000)
At 30 June 2003	273,982	86,488	360,470
Accumulated depreciation			
At 1 July 2002	142,504	63,713	206,217
Charge for the year	58,749	4,503	63,252
Disposals	(22,605)	-	(22,605)
At 30 June 2003	178,648	68,216	246,864
Net book value			
At 30 June 2003	95,334	18,272	113,606
At 30 June 2002	147,528	22,775	170,303

The book value of fixed assets includes an amount of £44,539 (2002: £147,530) in respect of assets held under hire purchase contracts. Depreciation charged in respect of these assets was £20,112 (2002: £112,513).

10. INVESTMENTS

	£
Net book value	
At 1 July 2002	308,206
Additions	19,000
Disposals	(16,016)
Depreciation	(81,381)
At 30 June 2003	229,809

Investments represent the cost of race horses.

Notes to the Financial Statements

30 June 2003

11. DEBTORS

	2003 £	2002 £
Trade debtors	19,130	1,952
Other debtors	3,205	750
Prepayments	21,103	2,232
Amount due from fellow subsidiaries	7,304,960	8,235,063
	7,348,398	8,239,997

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Hire purchase finance	9,436	89,607
Debt due within one year	9,436	89,607
Bank overdraft	39,690	-
Trade creditors	80,381	494,414
Corporation tax	873,411	1,039,395
Other taxation and social security	89,799	287,087
Accruals and deferred income	188,906	447,950
Due to parent undertaking	1,943,816	482,470
Due to fellow subsidiaries	-	5,349,110
	3,225,439	8,190,033

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

	2003 £	2002 £
Hire purchase finance, repayable in one to two years	-	11,100

14. DEFERRED TAXATION

	2003 £	2002 £
Balance at 1 July 2002	-	-
Depreciation in excess of capital allowances	(40,300)	-
Balance at 30 June 2003	(40,300)	-

Notes to the Financial Statements

30 June 2003

15. SHARE CAPITAL

	2003 Number	2002 Number
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Issued and fully paid		
100 ordinary shares of £1 each	100	100

16. RESERVES

	Profit and loss account £
At 1 July 2002	4,244,863
Retained profit for the year	261,711
At 30 June 2003	4,506,574

17. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2003 £	2002 £
Recognised gain	261,711	1,930,070
Opening equity shareholders' funds	4,244,963	2,314,893
Closing equity shareholders funds	4,506,674	4,244,963

18. 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 2003 these borrowings amounted to £23,513,000 (2002: £28,400,000).

19. 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.

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.