

COMPANY NO: 3861237

HALEWOOD INTERNATIONAL MARKETING LIMITED

ANNUAL REPORT

Year ended 30 June 2004



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Company Information

Directors	J E Halewood S J Oldroyd D Wharton (appointed 15 September 2003)
Secretary	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 2004, 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 £75,043 (2003: £261,711). The directors do not propose a dividend (2003: £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 2004 or 30 June 2003. 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.

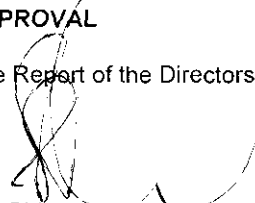
The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with the company law in the United Kingdom.

AUDITORS

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 15 April 2005 and signed on its behalf by:


S J Oldroyd
Secretary

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

We have audited the financial statements on pages 4 to 11.

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.

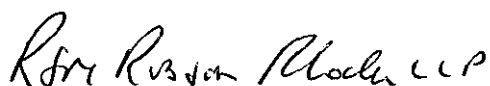
Basis of audit opinion

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 2004 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

15.4.05

Profit and Loss Account

for the year ended 30 June 2004

	Note	2004 £	2003 £
Turnover: continuing operations	1 & 2	3,736,625	4,974,199
Cost of sales		(3,569,940)	(4,477,006)
Gross profit		166,685	497,193
Administration expenses		(41,574)	(103,582)
Operating profit: continuing operations	3	125,111	393,611
Interest payable	6	(77,694)	(10,952)
Interest receivable	6	100,551	15,590
Profit on ordinary activities before taxation		147,968	398,249
Tax on profit on ordinary activities	7	(72,925)	(136,538)
Profit for the year on ordinary activities after taxation		75,043	261,711
Dividends	8	-	-
Retained profit for the year	15 & 16	75,043	261,711

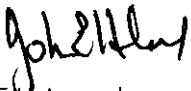
There were no recognised gains or losses other than those stated above.

Balance Sheet

At 30 June 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	9	57,095	113,606
Investments	10	303,994	229,809
		361,089	343,415
Current assets			
Debtors	11	7,818,307	7,388,698
		7,818,307	7,388,698
Creditors: amounts falling due within one year	12	(3,597,679)	(3,225,439)
Net current assets		4,220,628	4,163,259
Total assets less current liabilities		4,581,717	4,506,674
Provisions for liabilities and charges	13	-	-
Net assets		4,581,717	4,506,674
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account	15	4,581,617	4,506,574
Equity shareholders' funds	16	4,581,717	4,506,674

The financial statements were approved by the Board on 15 April 2005 and signed on its behalf by:


J E Halewood
Director

Notes to the Financial Statements

30 June 2004

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 its ultimate parent undertaking, Halewood International Holdings PLC, 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 2004

2. SEGMENTAL ANALYSIS

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

	2004 £	2003 £
United Kingdom	3,736,625	4,974,199

3. OPERATING PROFIT

Operating profit is arrived at after charging:

	2004 £	2003 £
Auditors' remuneration - audit services	3,150	3,000
- non audit services	-	485
Depreciation of tangible fixed assets	48,102	63,252
(Profit)/loss on disposal of fixed assets	(26,773)	6,296

4. EMPLOYEES

Staff costs, including directors:

	2004 £	2003 £
Wages and salaries	428,207	437,245
Social security costs	46,677	45,163
Pensions - defined contribution scheme	30,611	27,900
	505,495	510,308

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

	2004 Number	2003 Number
Administration & selling	12	13

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 (2003: nil).

Notes to the Financial Statements

30 June 2004

6(a). INTEREST PAYABLE

	2004 £	2003 £
Bank overdraft	128	4,082
Hire purchase interest	795	6,870
Intercompany interest	76,771	-
	77,694	10,952

6(b). INTEREST RECEIVABLE

Intercompany interest	100,319	-
Other interest	232	15,590
	100,551	15,590

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 £	2003 £
United Kingdom Corporation Tax		
Current tax on income for the year	72,445	170,476
Adjustments in respect of prior years	5,630	6,362
Current taxation	78,075	176,838
Deferred taxation		
Net origination/ (reversal) of timing differences	(5,150)	(40,300)
	72,925	136,538

Current tax reconciliation

	2004 £	2003 £
Profit on ordinary activities before taxation	147,968	398,249
Theoretical tax at UK corporation tax rate 30% (2003: 30%)	44,390	119,475
Effects of:		
- expenditure not tax deductible	27,425	46,480
- income net taxable	(4,384)	-
- difference in UK corporation tax rates	(136)	(1,650)
- movement on deferred tax unprovided	-	6,171
- timing differences on fixed assets	5,150	-
- prior year adjustment	5,630	6,362
	78,075	176,838

Notes to the Financial Statements

30 June 2004

8. DIVIDENDS

	2004 £	2003 £
Proposed dividend on ordinary shares	-	-

9. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures, fittings and computer equipment £	Total £
Cost			
At 1 July 2003	273,982	86,488	360,470
Disposals	(46,950)	-	(46,950)
At 30 June 2004	227,032	86,488	313,520
Accumulated depreciation			
At 1 July 2003	178,648	68,216	246,864
Charge for the year	43,138	4,964	48,102
Disposals	(38,541)	-	(38,541)
At 30 June 2004	183,245	73,180	256,425
Net book value			
At 30 June 2004	43,787	13,308	57,095
At 30 June 2003	95,334	18,272	113,606

The book value of fixed assets includes an amount of £24,427 (2003: £44,539) in respect of assets held under hire purchase contracts. Depreciation charged in respect of these assets was £20,112 (2003: £20,112).

10. INVESTMENTS

	£
Net book value	
At 1 July 2003	229,809
Additions	191,165
Disposals	(39,430)
Depreciation	(77,550)
At 30 June 2004	303,994

Investments represent the cost of race horses.

Notes to the Financial Statements

30 June 2004

11. DEBTORS

	2004 £	2003 £
Trade debtors	17,254	19,130
Other debtors	95,403	3,205
Prepayments	29,150	21,103
Amount due from fellow subsidiaries	6,757,639	7,304,960
Corporation Tax	873,411	-
Deferred Taxation (note 13)	45,450	40,300
	7,818,307	7,388,698

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Hire purchase finance	-	9,436
Debt due within one year	-	9,436
Bank overdraft	5,315	39,690
Trade creditors	198,440	80,381
Corporation tax	-	873,411
Other taxation and social security	86,868	89,799
Accruals and deferred income	310,867	188,906
Due to parent undertaking	2,878,767	1,943,816
Due to fellow subsidiaries	117,422	-
	3,597,679	3,225,439

13. DEFERRED TAXATION

	2004 £	2003 £
Balance at 1 July 2003	(40,300)	-
Depreciation in excess of capital allowances	(5,150)	(40,300)
Balance at 30 June 2004	(45,450)	(40,300)

Notes to the Financial Statements

30 June 2004

14. SHARE CAPITAL

	2004 Number	2003 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

15. RESERVES

	Profit and loss account £
At 1 July 2003	4,506,574
Retained profit for the year	75,043
At 30 June 2004	4,581,617

16. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2004 £	2003 £
Recognised gain	75,043	261,711
Opening equity shareholders' funds	4,506,674	4,244,963
Closing equity shareholders funds	4,581,717	4,506,674

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 2004 these borrowings amounted to £11,769,000 (2003: £23,513,000).

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. 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.