

HALEWOOD INTERNATIONAL MARKETING LIMITED

REPORT AND FINANCIAL STATEMENTS

53 week period ended 30 June 2007



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Company Information

Directors	J E Halewood S J Oldroyd D Wharton (Resigned 8 August 2006)
Secretary	P Horsfall (Appointed 23 August 2006) S J Oldroyd (Resigned 23 August 2006)
Registered office	The Sovereign Distillery Wilson Road Huyton Industrial Estate Huyton Liverpool L36 6AD
Registered number	3861237
Auditors	Deloitte and Touche LLP Liverpool
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 53 weeks ended 30 June 2007, together with the auditors' report thereon

PRINCIPAL ACTIVITIES

The company provides marketing services within the Halewood International group

BUSINESS REVIEW

The principal activities of the company are to provide marketing and design services for certain companies within the Halewood International group

Halewood International Marketing Limited is a wholly owned subsidiary of Halewood International Holdings (UK) Limited, a company incorporated in England. The ultimate parent undertaking is Halewood International Holdings PLC. The group monitors performance as a whole, therefore a complete review of the business and future prospects of the group is included in the Directors' Report of the ultimate parent company accounts.

The directors are satisfied with the performance of the company during the period. Turnover was £3,744,337, which was a decrease of 1.5% on the previous period (2006 £3,800,925). Operating loss was £48,808, which was a reduced loss of £16,066 on the previous period (2006 loss £64,874).

PRINCIPAL RISKS AND UNCERTAINTIES

As the company supplies marketing services to fellow group undertakings it is wholly dependent upon the requirements of internal group customers. Loss of these group customers would eliminate the only source of revenue for its services.

FUTURE OUTLOOK

The company expects no significant changes to its trade or customer base in the immediate future.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £41,077 (2006 £21,170). The directors do not propose a dividend (2006 £nil) and the balance of profit has been transferred to reserves.

CHARITABLE AND POLITICAL CONTRIBUTIONS

No charitable donations were made during the period (2006 £nil).

No political donations were made during the period (2006 £nil).

DIRECTORS

The present directors of the company who served throughout the period together with movements during the period are set out on page 1.

The directors did not hold any shares in the company at 30 June 2007 or 24 June 2006. The directors' interests in the shares of the ultimate parent undertaking are disclosed in the financial statements of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- 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.

Report of the Directors (continued)

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

APPROVAL

The Report of the Directors was approved by the Board on 28/4/08 and signed on its behalf by



P Horsfall
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALEWOOD INTERNATIONAL MARKETING LIMITED

We have audited the financial statements of Halewood International Marketing Limited for the 53 week period ended 30 June 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19. 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 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 other information contained in the Annual Report as described in the contents section, 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 further information outside the Annual Report.

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 judgments 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HALEWOOD
INTERNATIONAL MARKETING LIMITED (continued)**

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 2007 and of its profit for the 53 week period 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

Deloitte & Touche

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool
United Kingdom

29 April 2008

Profit and Loss Account

For the 53 weeks ended 30 June 2007

	Note	53 weeks ended 30 June 2007 £	52 weeks ended 24 June 2006 £
Turnover	2	3,744,337	3,800,925
Cost of sales		(3,721,994)	(3,827,203)
Gross profit / (loss)		22,343	(26,278)
Administration expenses		(71,151)	(38,596)
Operating loss	3	(48,808)	(64,874)
Interest payable	6	(232,495)	(189,410)
Interest receivable	7	423,353	360,867
Profit on ordinary activities before taxation		142,050	106,583
Tax on profit on ordinary activities	8	(100,973)	(85,413)
Profit on ordinary activities after taxation	15,16	41,077	21,170

There were no recognised gains or losses other than the profit for the current and previous financial periods. Accordingly, no separate statement of total recognised gains and losses is given.

The company's activities derive from continuing operations.

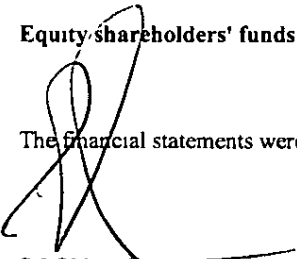
Balance Sheet

At 30 June 2007

	Note	30 June 2007 £	24 June 2006 £
Fixed assets			
Tangible assets	9	50,029	69,793
Investments	10	351,854	395,882
		401,883	465,675
Current assets			
Debtors	11	7,527,213	7,850,560
Creditors amounts falling due within one year	12	(3,222,416)	(3,650,632)
Net current assets		4,304,797	4,199,928
Net assets		4,706,680	4,665,603
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account	15	4,706,580	4,665,503
Equity shareholders' funds	16	4,706,680	4,665,603

The financial statements were approved by the Board on 28/4/08

and signed on its behalf by


 S J Oldroyd
 Director

Notes to the Financial Statements

For the 53 weeks ended 30 June 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards

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 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. No depreciation is provided on freehold land. The principal annual rates used for other assets are

Computer Equipment	25% on cost
Fixtures and fittings	15%/25% on cost
Plant and machinery	10%/15% on cost
Motor vehicles	25% on cost

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Investments

Investments relate to racehorses held by the company, which are held at cost less provision for impairment. The investments are amortised over 5 years

Turnover

Turnover is recognised at the point at which charges are incurred on marketing projects and recharged to fellow subsidiary undertakings

Notes to the Financial Statements

For the 53 weeks ended 30 June 2007

2 TURNOVER

All turnover derives from the principal activity and arises from the United Kingdom

3 OPERATING LOSS

Operating loss is arrived at after charging/ (crediting)

	53 weeks ended 30 June 2007 £	52 weeks ended 24 June 2006 £
Depreciation of tangible fixed assets - Owned	19,764	11,549
Amortisation	107,950	121,627
Profit on disposal of investments	(1,164)	(6,151)

The analysis of auditors' remuneration is as follows

	53 weeks ended 30 June 2007 £	52 weeks ended 24 June 2006 £
Fees payable to the company's auditors for the audit of the company's annual statements	4,000	3,150
Total audit fees	4,000	3,150

Fees payable to the company's auditors for non-audit services in the period was £nil (2006 £nil)

4. EMPLOYEES

Staff costs, including directors

	53 weeks ended 30 June 2007 £	52 weeks ended 24 June 2006 £
Wages and salaries	618,163	522,219
Social security costs	70,349	56,436
Pensions - defined contribution scheme	44,019	34,481
	732,531	613,136

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

	2007 Number	2006 Number
Administration & selling	14	13

Notes to the Financial Statements

For the 53 weeks ended 30 June 2007

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 (2006 £nil)

6 INTEREST PAYABLE

	53 weeks ended 30 June 2007 £	52 weeks ended 24 June 2006 £
Interest due to fellow subsidiary undertaking	232,495	189,410

7. INTEREST RECEIVABLE

	53 weeks ended 30 June 2007 £	52 weeks ended 24 June 2006 £
Interest from fellow subsidiary undertakings	247	142
Interest due from parent undertaking	422,096	360,725
Bank Interest	1,010	-
	<u>423,353</u>	<u>360,867</u>

Notes to the Financial Statements

For the 53 weeks ended 30 June 2007

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	53 weeks ended 30 June 2007 £	52 weeks ended 24 June 2006 £
United Kingdom Corporation Tax		
Current tax on income for the period	1,991	2,111
Adjustment in respect of prior periods	3,010	61
	5,001	2,172
Group Relief	92,370	79,254
Current taxation	97,371	81,426
Deferred taxation		
Net origination of timing differences	2,046	3,987
Adjustment in respect of previous periods	1,556	-
	3,602	3,987
	100,973	85,413
 Current tax reconciliation	 53 weeks ended 30 June 2007 £	 52 weeks ended 24 June 2006 £
Profit on ordinary activities before taxation	142,050	106,583
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2006 30%)	42,615	31,975
Effects of		
- expenditure not tax deductible	52,363	72,568
- income not taxable	(34)	(17,966)
- difference in UK corporation tax rates	(1,113)	(1,222)
- prior period adjustment	3,011	61
- capital allowance acceleration	529	(3,990)
	97,371	81,426

Notes to the Financial Statements

At 30 June 2007

9. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures, fittings and computer equipment £	Total £
Cost			
At 25 June 2006 and 30 June 2007	148,137	24,437	172,574
Accumulated depreciation			
At 25 June 2006	85,163	17,618	102,781
Charge for the period	18,174	1,590	19,764
At 30 June 2007	103,337	19,208	122,545
Net book value			
At 30 June 2007	44,800	5,229	50,029
At 24 June 2006	62,974	6,819	69,793

Notes to the Financial Statements

At 30 June 2007

10 INVESTMENTS

	£
Cost	
At 25 June 2006	713,205
Additions	225,460
Disposals	(229,004)
At 30 June 2007	709,661
Amortisation	
At 25 June 2006	317,323
Charge for the period	107,950
Disposals	(67,466)
At 30 June 2007	357,807
Net Book Value	
At 30 June 2007	351,854
At 24 June 2006	395,882

Investments relate to racehorses held by the company, which are held at cost and amortised over 5 years

11 DEBTORS

	30 June 2007 £	24 June 2006 £
Trade debtors	14,179	15,227
Prepayments	25,375	352,647
Amount due from parent undertaking	7,435,150	7,440,289
Amount due from fellow subsidiary undertakings	16,456	2,742
Deferred taxation (note 12)	36,053	39,655
	7,527,213	7,850,560

Notes to the Financial Statements

At 30 June 2007

12 DEFERRED TAXATION

	30 June 2007 £	24 June 2006 £
Opening Asset	39,655	43,642
Charge during the period	(3,602)	(3,987)
Closing Asset	36,053	39,655
Deferred tax is analysed as follows	30 June 2007 £	24 June 2006 £
Capital allowances in excess of depreciation	36,053	39,655
	36,053	39,655

13 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2007 £	24 June 2006 £
Bank overdraft	37,189	2,120
Trade creditors	220,216	304,432
Corporation tax	1,991	2,111
Other creditors	111,381	51,892
Accruals and deferred income	165,651	220,948
Amounts due to parent undertaking	146,393	506,597
Amounts due to fellow subsidiary undertakings	2,539,595	2,562,532
	3,222,416	3,650,632

14 SHARE CAPITAL

	30 June 2007 Number	24 June 2006 Number
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

Notes to the Financial Statements

At 30 June 2007

15 PROFIT AND LOSS RESERVE

	£
At 25 June 2006	4,665,503
Retained profit for the period	41,077
At 30 June 2007	4,706,580

16 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the period	41,077	21,170
Opening equity shareholders' funds	4,665,603	4,644,433
Closing equity shareholders' funds	4,706,680	4,665,603

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 2007 the borrowings of the group amounted to £18,082,000 (24 June 2006 £6,328,000)

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 parent undertaking of the smallest group, which includes the company, is Halewood International Holdings (UK) Limited. 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, Mandy, Cardiff, CF4 3UZ.