

DIRECTORS REPORT AND ACCOUNTS

Coca-Cola International Sales Limited

31 DECEMBER 2004



COCA-COLA INTERNATIONAL SALES LIMITED

DIRECTORS' REPORT

Directors: A.T. Taylor (Resigned 30 July 2004)
J.K. Sheppard (Resigned 30 July 2004)
C. Oades
J. Goldin (Appointed 30 July 2004)
P. Matthews
P. van Hoegaerden
D. Kearney (Appointed 11 Oct 2004)

Secretary: P. Matthews

Registered Office: 1 Queen Caroline Street, London, W6 9HQ

Number: 1861142

The directors present their report and accounts for the year ended 31 December 2004.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,345,000 (2003: £1,287,000). A final dividend of £4,500,000 was proposed (2003: £3,500,000).

CREDITOR PAYMENT POLICY

The company recognises the importance of maintaining good business relations with its suppliers and is committed to paying all invoices within agreed terms.

At 31 December 2004, the company had an average of 19 days (2003: 24 days) purchases outstanding in trade creditors.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activities of the company are the toll manufacture and procurement of soft drinks in the UK and Ireland.

ACQUISITION

On 29th October 2004 the operations, assets and liabilities of Refreshment Spectrum Limited, a sister company, were transferred to Coca Cola International Sales Limited at their fair value, which equated to their book value. The consideration for the business, paid on the date of transfer, was £9,149,586, equal to the fair value of the net assets. No goodwill arose on the transfer. The resulting business combination has been accounted for as an acquisition under FRS 6 'Acquisitions and Mergers'.

FUTURE DEVELOPMENTS

It is anticipated that Coca-Cola International Sales Limited (CCISL) will continue its current business.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year ended 31 December 2004 were those listed above. The directors have no beneficial interests in the shares of the company.

COCA-COLA INTERNATIONAL SALES LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board.

P van Hoegaerden
Director

A handwritten signature in dark ink, appearing to be 'P van Hoegaerden', written over a horizontal line.

Date: 25th October, 2005

COCA-COLA INTERNATIONAL SALES LIMITED

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 affairs of the company and of the profit or loss of the company 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; and
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COCA-COLA INTERNATIONAL SALES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COCA-COLA INTERNATIONAL SALES LIMITED

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 19. These financial statements have been prepared on the basis of 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

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 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.

COCA-COLA INTERNATIONAL SALES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COCA-COLA
INTERNATIONAL SALES LIMITED (continued)**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

25 OCTOBER 2005

COCA-COLA INTERNATIONAL SALES LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 2004

		2004	2003
	Notes	£'000	£'000
TURNOVER	2	24,277	15,031
Cost of sales		<u>(22,427)</u>	<u>(13,624)</u>
GROSS PROFIT		1,850	1,407
Administrative expenses		<u>(168)</u>	<u>(98)</u>
OPERATING PROFIT	3	1,682	1,309
Release of provision for contractual obligations	4	-	410
Interest receivable and similar income	7	301	157
Interest payable and similar charges	8	<u>(44)</u>	<u>(1)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,939	1,875
Tax on profit on ordinary activities	9	<u>(594)</u>	<u>(588)</u>
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO SHAREHOLDERS		1,345	1,287
Final dividend-proposed		<u>(4,500)</u>	<u>(3,500)</u>
LOSS RETAINED FOR THE FINANCIAL YEAR		<u>(3,155)</u>	<u>(2,213)</u>
STATEMENT OF RETAINED PROFITS			
At 1 January 2004		4,293	
Profit for the year		<u>1,345</u>	
		5,638	
Final dividend-proposed		<u>(4,500)</u>	
At 31 December 2004		<u>1,138</u>	

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £1,345,000 for the year ended 31 December 2004 and £1,287,000 for the year ended 31 December 2003.

COCA-COLA INTERNATIONAL SALES LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2004

	Notes	2004 £'000	2003 £'000
FIXED ASSETS			
Tangible assets	10	460	140
		<u>460</u>	<u>140</u>
CURRENT ASSETS			
Stocks	12	374	1,120
Debtors	13	8,058	2,768
Cash at bank and in hand		9,882	6,828
		<u>18,314</u>	<u>10,716</u>
CREDITORS: amounts falling due within one year	14	<u>(8,487)</u>	<u>(6,563)</u>
NET CURRENT ASSETS		9,827	4,153
NET ASSETS		<u>10,287</u>	<u>4,293</u>
CAPITAL AND RESERVES			
Called up share capital	16,17	9,149	-
Profit and loss account	17	1,138	4,293
		<u>10,287</u>	<u>4,293</u>

P van Hoegaerden
Director

Date: 25th October, 2005

NOTES TO THE ACCOUNTS - 31 DECEMBER 2004

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

(b) Depreciation

Freehold land is not depreciated. Other tangible assets are depreciated at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Freehold buildings:	20 years or the remaining manufacturing contract term
Plant & Machinery:	7 years

(c) Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items.

(d) Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities at the balance sheet date are translated at the year end rates of exchange. All exchange differences arising are reported as part of the results for the year.

(e) Cash flow statement

A consolidated cash flow statement is produced by the group's ultimate parent undertaking, The Coca-Cola Company and, under FRS 1 (revised), Coca-Cola International Sales Limited is therefore not required to prepare a cash flow statement.

(f) Deferred Taxation

Deferred tax is recognised in respect of all material timing differences that have originated, but not reversed, by the balance sheet date. Deferred tax is measured on a non-discounted basis at tax rates that are expected to apply in the periods in which the timing differences reverse. Deferred tax assets are recognised where their recovery is considered more likely than not in that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2004

2 TURNOVER

Turnover comprises the invoiced price of goods and services supplied by the company stated net of value added tax. The whole of the company's turnover arises from the promotion and sale of soft drinks.

An analysis of turnover by the origin of the geographical market is given below:

	2004	2003
	£'000	£'000
United Kingdom	24,133	14,964
Other European countries	144	67
	<u>24,277</u>	<u>15,031</u>

3 OPERATING PROFIT

Operating profit is stated after charging:

	2004	2003
	£'000	£'000
Depreciation of owned fixed assets	18	11
Auditors' remuneration – audit services	29	21

4 NON-OPERATING EXCEPTIONAL ITEMS

Included in profit on ordinary activities before taxation for 2003 was £410,000 of unused provisions for contractual obligations which were released. The effect on the taxation charge for the year of this item was £123,000.

5 DIRECTORS' EMOLUMENTS

The emoluments of directors who are also directors of a fellow subsidiary undertaking are included in the accounts of the fellow subsidiary undertaking (Beverage Services Limited) from which they are paid.

6 STAFF COSTS

All staff costs are borne by the fellow subsidiary, Beverage Services Limited, from which they are paid.

COCA-COLA INTERNATIONAL SALES LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 2003****7 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2004 £'000	2003 £'000
Interest Income	296	150
Rental Income	5	7
	<u>301</u>	<u>157</u>

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £'000	2003 £'000
Bank charges	1	1
Interest Charges	2	-
Royalties due to parent undertaking	41	-
	<u>44</u>	<u>1</u>

9 TAX ON PROFIT ON ORDINARY ACTIVITIES**(a) Analysis of taxation charge in the year:**

	2004 £000	2003 £000
Current tax:		
UK corporation tax on profits for the year	581	581
Under provision in prior period	54	-
	<u>635</u>	<u>581</u>
Deferred tax:		
Origination and reversal of timing differences	(41)	7
	<u>594</u>	<u>588</u>
Tax on profit on ordinary activities		

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2004

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (Cont)

(b) Factors affecting the current tax charge for the year

	2004 £000	2003 £000
Profit on ordinary activities before tax	1,939	1,875
Tax on profit on ordinary activities before tax at 30%	582	563
Effects of:		
Expenses not deductible for tax purposes	3	-
Permanent disallowables	-	23
Capital allowances in excess of depreciation	(4)	(5)
Under provision in prior period	54	-
Current tax charge for the year	635	581

(c) Factors that may affect future tax charges

There are currently no factors that will significantly affect future tax charges.

10 TANGIBLE FIXED ASSETS

	Land £'000	Freehold buildings £'000	Plant and Machinery £'000	Total £'000
Cost:				
At 1 January 2004	5	183	-	188
Acquisitions (see Note 11)	-	-	338	338
At 31 December 2004	5	183	338	526
Depreciation:				
At 1 January 2004	-	48	-	48
Provided during the year	-	11	7	18
At 31 December 2004	-	59	7	66
Net book value:				
At 1 January 2004	5	135	-	140
At 31 December 2004	5	124	331	460

COCA-COLA INTERNATIONAL SALES LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 2004

11 ACQUISITIONS

On 29 October 2004, the operations, assets and liabilities of Coca-Cola Refreshment Spectrum Limited were transferred to the company. The transfer is analysed as follows:

	£'000
Net assets acquired:	
Tangible fixed assets	338
Stock	471
Debtors	5,745
Creditors	(1,798)
Cash	4,393
	<hr/>
	9,149
	<hr/>
Discharged by:	
Shares issued	9,149
	<hr/>
	9,149
	<hr/>

The difference between the fair value of assets acquired and book value is nil.

Refreshment Spectrum Limited made a profit on ordinary activities after tax of £1,270,000 for the year ended 31 December 2003 and the summarised profit and loss account for the period from 1 January 2004 to the date of acquisition is as follows:

	Period ended 29 October, 2004 £'000
Turnover	<hr/> 15,245
Operating profit	<hr/> 1,172
Profit before tax	1,188
Tax	<hr/> (356)
Profit after tax	<hr/> 832

There were no recognised gains and losses in the period ended 29 October 2004 other than the profit after tax of £832,000.

COCA-COLA INTERNATIONAL SALES LIMITED**NOTES TO THE ACCOUNTS - 31 DECEMBER 2004****12 STOCKS**

	2004	2003
	£'000	£'000
Finished product	367	614
Ingredients	7	506
	<u>374</u>	<u>1,120</u>

In the opinion of the directors, the difference between the purchase price or production cost of stocks and their replacement cost is not material. Stocks are held in consignment at independent toll packers and at various warehouses in the United Kingdom.

13 DEBTORS

	2004	2003
	£'000	£'000
Trade debtors	4,050	1,380
Amounts owed by group undertakings	1,956	1,357
Other debtors	1,617	27
Deferred tax asset (note 15)	8	4
	<u>7,631</u>	<u>2,768</u>
Due after one year	427	-
	<u>8,058</u>	<u>2,768</u>

The debtor due after one year (£427,000) relates to deferred consideration associated with the sale of generic stocks to Histogram Limited.

14 CREDITORS: amounts falling due within one year

	2004	2003
	£'000	£'000
Trade creditors	2,886	2,516
Amounts due to group undertakings	149	45
Other creditors, accruals and other taxes	539	142
Final dividend-proposed	4,500	3,500
Corporation tax payable	413	360
	<u>8,487</u>	<u>6,563</u>

COCA-COLA INTERNATIONAL SALES LIMITED
NOTES TO THE ACCOUNTS - 31 DECEMBER 2004

15 DEFERRED TAXATION

The movement in deferred taxation during the current and previous years is as follows:

	2004	2003
	£'000	£'000
At 1 January	4	11
Credit/ (Charge) for the year (note 9)	41	(7)
Transfer of deferred tax balance from Refreshment Spectrum Limited	(37)	-
At 31 December	<u>8</u>	<u>4</u>

	2004	2003
	£'000	£'000
The deferred tax consists of:		
Accelerated capital allowances	(40)	4
Other timing differences	48	-
Total deferred tax asset/ (liability) (note 13)	<u>8</u>	<u>4</u>

16 SHARE CAPITAL

	2004	2003
Number of ordinary shares	9,148,686	100
Ordinary shares of £1 each:	£	£
Authorised	<u>9,148,686</u>	<u>100</u>
Allotted, called up and fully paid	<u>9,148,686</u>	<u>100</u>

Additional shares were authorised, allotted, called up and fully paid to its parent company, Coca Cola Holdings (UK) Limited, in recognition of the transfer of trade and net assets from Refreshment Spectrum Limited.

NOTES TO THE ACCOUNTS - 31 DECEMBER 2004

17 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital	Profit and Loss account	Total Shareholders' funds
	£'000	£'000	£'000
At 1 January 2003	-	6,506	6,506
Profit for the year	-	1,287	1,287
Proposed dividend	-	(3,500)	(3,500)
At 31 December 2003	-	4,293	4,293
Share Capital issued	9,149	-	9,149
Profit for the year	-	1,345	1,345
Final dividend-proposed	-	(4,500)	(4,500)
At 31 December 2004	9,149	1,138	10,287

18 RELATED PARTY TRANSACTIONS

As the company is a wholly-owned subsidiary of Coca-Cola Holdings (United Kingdom) Limited, a company registered in England and Wales which prepares consolidated financial statements, the company, pursuant to FRS8, has not included details of transactions with other companies which are subsidiaries of the Coca-Cola group.

There are no other related party transactions.

19 PARENT UNDERTAKING

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is The Coca-Cola Company, incorporated in Delaware, USA. The parent undertaking of the smallest such group is Cola-Cola Holdings (United Kingdom) Limited, registered in England and Wales. Copies of both companies' accounts can be obtained from this company's registered office.