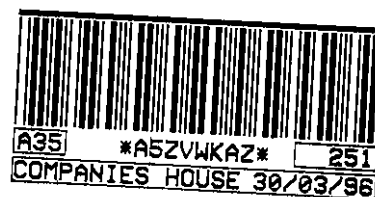


Southcorp Wines Europe Limited

Directors' report and financial statements

30 June 1995

Registered number 2808255



Southcorp Wines Europe Limited

Directors' report and financial statements

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Southcorp Wines Europe Limited

Director's report

The directors present their annual report and audited financial statements for the year ended 30 June 1995.

Principal activities

The principal activity of the company is the distribution of Australian wines.

Business review

The level of business this year has been extremely satisfactory with high volume growth in sales and greater market penetration. The directors anticipate this level of business will be maintained in the future. The results for the year are shown on page 4.

Proposed dividend

The directors do not recommend the payment of a dividend.

Significant changes in fixed assets

Information relating to changes in tangible fixed assets is given in note 9 to the financial statements.

Directors and directors' interests

The directors who held office during the period were as follows:

MAK Paul	
RH Allert	(resigned 26 May 1995)
BW Kemp	(appointed 26 May 1995)
GS Goddard	(appointed 4 September 1995)

The directors who held office at the end of the financial period had no interests in the shares of the company or any other group companies, as recorded in the register of directors' share and debenture interests.

Southcorp Wines Europe Limited

Directors' report *(continued)*

Statement of directors' responsibilities

Company law 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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



MAK Paul
Director

12 King Street
Richmond
Surrey
TW9 1ND



Arlington Business Park
Theale
Reading
Berkshire RG7 4BD

Auditors' report to the members of Southcorp Wines Europe Limited

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

Respective responsibilities of director and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 director 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 the company's affairs as at 30 June 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

27 March 1996.

Chartered Accountants
Registered Auditors



Southcorp Wines Europe Limited

Profit and loss account for the year ended 30 June 1995

	<i>Note</i>	1995 £000	1994 £000
Turnover	2	34,150	29,779
Cost of sales		(28,420)	(25,222)
Gross profit		5,730	4,557
Administrative expenses		(3,570)	(3,305)
Other operating income		29	11
Operating profit		2,189	1,263
Other interest receivable and similar income	6	156	119
Interest payable and similar charges	7	-	(8)
Profit on ordinary activities before taxation	2-5	2,345	1,374
Tax on profit on ordinary activities	8	(727)	(455)
Profit for the financial year		1,618	919
Retained profit brought forward		919	-
Profit and loss account carried forward		2,537	919

The company has no recognised gains or losses other than the profit for the year and the above amounts represent the results of continuing operations. The only movement in shareholders' funds is the result for the year.

Southcorp Wines Europe Limited

Balance sheet at 30 June 1995

	Note	1995		1994	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	9		222		159
Current assets					
Inventories	10	4		-	
Debtors	11	12,736		12,404	
Cash at bank and in hand		3,284		3,728	
		<u>16,024</u>		<u>16,132</u>	
Creditors: amounts falling due within one year	12	<u>(13,699)</u>		<u>(15,362)</u>	
Net current assets			<u>2,325</u>		<u>770</u>
Total assets less current liabilities			<u>2,547</u>		<u>929</u>
Capital and reserves					
Called up share capital	13		10		10
Profit and loss account			2,537		919
			<u>2,547</u>		<u>929</u>

These financial statements were approved by the board of directors on
and signed on their behalf by:

26th March 1996


MAK Paul
Director

Southcorp Wines Europe Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Cashflow

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking of Southcorp UK Limited and its cash flows were included within the consolidated cash flow statement of that company.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	20% per annum
Computer equipment	-	20% per annum
Fixtures & fittings	-	10% per annum
Motor vehicles	-	25% per annum

Stocks

Stocks are stated at the lower of purchase cost and net realisable value.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Southcorp Wines Europe Limited

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the period.

2 Analysis of turnover

In the opinion of the director, the turnover and profit on ordinary activities before taxation relates to the principal activity, being the distribution of Australian wines. Domestic sales accounted for £26,926,000 and overseas sales to other european countries £7,224,000.

3 Profit on ordinary activities before taxation

	1995 £000	1994 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	25	14
Other services	3	4
Depreciation	68	48
Loss on disposal of fixed assets	2	-
Hire of plant and machinery - rentals payable under operating leases	4	3
Hire of other assets - operating leases	101	60
<i>after crediting</i>		
Exchange gains	1,563	981

4 Remuneration of directors

	1995 £000	1994 £000
Directors' emoluments:		
As director	98	110

The emoluments, excluding pension contributions, of the highest paid director were £90,219.
The emoluments of the other directors were in the band £0 - £5,000.

Southcorp Wines Europe Limited

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including the director) during the period, analysed by category, was as follows:

	Number of employees	
	1995	1994
Administration	16	13
Selling	7	5
	<u>23</u>	<u>18</u>

The aggregate payroll costs of these persons were as follows:

	1995	1994
	£000	£000
Wages and salaries	645	533
Social security costs	68	54
Other pension costs	69	40
	<u>782</u>	<u>627</u>

6 Other interest receivable and similar income

	1995	1994
	£000	£000
Receivable from group undertakings	152	30
Bank interest	4	89
	<u>156</u>	<u>119</u>

7 Interest payable and similar charges

	1995	1994
	£000	£000
On bank loans, overdrafts and other loans wholly repayable within five years	-	8
	<u>-</u>	<u>8</u>

Southcorp Wines Europe Limited

Notes (continued)

8 Taxation

	1995 £000	1994 £000
UK corporation tax at 33% on the profit for the period on ordinary activities	756	455
Adjustment relating to an earlier year	(29)	-
	<u>727</u>	<u>455</u>

9 Tangible fixed assets

	Leasehold improvements £000	Computer equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
<i>Cost</i>					
At beginning of period	20	81	35	140	276
Additions	-	16	21	111	148
Disposals	-	(2)	-	(57)	(59)
	<u>20</u>	<u>95</u>	<u>56</u>	<u>194</u>	<u>365</u>
<i>Depreciation</i>					
At beginning of period	10	24	8	75	117
Charge for period	3	18	5	42	68
Disposals	-	(1)	-	(41)	(42)
	<u>13</u>	<u>41</u>	<u>13</u>	<u>76</u>	<u>143</u>
<i>Net book value</i>					
At 30 June 1995	<u>7</u>	<u>54</u>	<u>43</u>	<u>118</u>	<u>222</u>
At 30 June 1994	<u>10</u>	<u>57</u>	<u>27</u>	<u>65</u>	<u>159</u>

10 Inventories

	1995 £000	1994 £000
Stock at Net Realisable Value	<u>4</u>	<u>-</u>

Southcorp Wines Europe Limited

Notes (continued)

11 Debtors

	1995 £000	1994 £000
Trade debtors	9,897	11,853
Amounts owed by fellow subsidiary undertakings	1,937	117
Other debtors	381	109
Prepayments and accrued income	521	325
	<u>12,736</u>	<u>12,404</u>

12 Creditors: amounts falling due within one year

	1995 £000	1994 £000
Trade creditors	141	265
Amounts owed to fellow subsidiary undertakings	11,828	13,136
Other creditors including taxation and social security:		
Corporation tax	756	455
Other taxes and social security	404	865
	<u>1,160</u>	<u>1,320</u>
Accruals and deferred income	570	641
	<u>13,699</u>	<u>15,362</u>

Southcorp Wines Europe Limited

Notes (continued)

13 Called up share capital

	1995 £000	1994 £000
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<i>Allotted and called up</i>		
Ordinary shares of £1 each	10	10
	<u>10</u>	<u>10</u>

14 Contingent liabilities

The company has a contingent liability of £3,000,000 (1994: £3,000,000) in respect of guarantees issued by the bank in favour of HM Customs and Excise in respect of deferred customs duty and £30,000 (1994: £30,000) in favour of the Intervention Board of Agricultural Produce for importation of wine. No security has been provided by the group in respect of these guarantees.

15 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1995		1994	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	6	-	2
Over five years	115	-	60	1
	<u>115</u>	<u>6</u>	<u>60</u>	<u>3</u>

16 Ultimate holding company

The ultimate holding company is Southcorp Holdings Limited which is incorporated in Australia. The immediate parent undertaking is Southcorp UK Limited which is incorporated in England and Wales. Consolidated accounts of Southcorp UK Limited can be obtained from 12 King Street, Richmond, that company's registered office.