COMPANY NUMBER 2880672

REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

FOR

ALIVINI (NORTH) LIMITED

ALIVINI (NORTH) LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

ALIVINI (NORTH) LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2007

DIRECTORS:	A Pirozzi S D Bridgeman J D N Pires C J Dos Santos G Segatta
SECRETARY	S D Bridgeman
REGISTERED OFFICE	Manfield House 2nd Floor 1 Southampton Street London WC2R 0LR
REGISTERED NUMBER	2880642
AUDITORS	Grant Thornton UK LLP Registered Auditors Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2007

The directors present their report with the financial statements of the company for the year ended 30 June 2007

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of the sale of wines and provisions

REVIEW OF BUSINESS
The results for the year and financial position of the company are as shown in the annexed financial statements

DIVIDENDS
No dividends will be distributed for the year ended 30 June 2007

DIRECTORS
The directors shown below have held office during the whole of the period from 1 July 2006 to the date of this report

A Pirozzi
S D Bridgeman
J D N Pires
C J Dos Santos
G Segatta

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
The company uses various financial instruments including cash, loans and various items, such as trade debtors and trade creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the group's operations

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

The main risks arising from the company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk The directors review and agree policies for managing each of these risks and they are summarised below These policies have remained unchanged from previous years

LIQUIDITY RISK
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs Short-term flexibility is achieved by invoice discounting and overdraft facilities
The maturity of borrowings is set out in the notes to the financial statements In addition to these borrowings the company receives financial support as necessary from other group companies

CASH FLOW INTEREST RATE RISK
The company finances its operations through a mixture of retained profits, group bank borrowings and unsecured loans All of the group's borrowings are at variable rates of interest The company manages its exposure to interest rate fluctuations by seeking to minimise short term borrowings through the use of its group overdraft and invoice discounting facilities

CREDIT RISK
The company's principal financial assets are cash deposits and trade debtors The principal credit risk arises from its trade debtors In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history

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 the financial statements for each financial year Under that law, the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to give a true and fair view of the state of affairs of the company as at the end of the financial year 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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate

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 are also responsible for the system of internal control and safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985 of which the company's auditors are unaware, and each 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

AUDITORS

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985

BY ORDER OF THE BOARD

S D Bridgeman

S D Bridgeman - Secretary

Date 11th July 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF ALIVINI (NORTH) LIMITED

We have audited the financial statements of Alivini (North) Limited for the year ended 30 June 2007 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and 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 Annual Report and the financial statements in accordance with United Kingdom law and 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 Report of the Directors is consistent with the financial statements We also 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements This other information comprises only the Directors' Report 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 other information

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 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, 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 year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

Grant Thornton UK LLP

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

Date 11th July 2008

ALIVINI (NORTH) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 £	2006 £
TURNOVER		**6,068,923**	5,703,129
Cost of sales		**4,678,583**	4,399,185
GROSS PROFIT		**1,390,340**	1,303,944
Administrative expenses		**1,319,976**	1,280,593
OPERATING PROFIT	3	**70,364**	23,351
Interest payable and similar charges	4	**7,936**	5,536
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**62,428**	17,815
Tax on profit on ordinary activities	5	**6,250**	-
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		**56,178**	17,815

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

ALIVINI (NORTH) LIMITED

BALANCE SHEET
30 JUNE 2007

	Notes	2007 £	2007 £	2006 £	2006 £
FIXED ASSETS					
Tangible assets	6		**138,134**		112,755
CURRENT ASSETS					
Stocks	7	**591,020**		559,766	
Debtors	8	**1,253,585**		1,118,439	
Cash at bank and in hand		**10,286**		13,054	
		1,854,891		1,691,259	
CREDITORS					
Amounts falling due within one year	9	**2,306,964**		2,171,897	
NET CURRENT LIABILITIES			**(452,073)**		(480,638)
TOTAL ASSETS LESS CURRENT LIABILITIES			**(313,939)**		(367,883)
CREDITORS					
Amounts falling due after more than one year	10		**35,820**		38,054
NET LIABILITIES			**(349,759)**		(405,937)
CAPITAL AND RESERVES					
Called up share capital	13		**751**		751
Profit and loss account	14		**(350,510)**		(406,688)
SHAREHOLDERS' FUNDS	18		**(349,759)**		(405,937)

The financial statements were approved by the Board of Directors on 11th July 2008 and were signed on its behalf by

S D Bridgeman - Director

The notes form part of these financial statements

ALIVINI (NORTH) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 £	2007 £	2006 £	2006 £
Net cash (outflow)/inflow from operating activities	1		(1,492)		90,962
Returns on investments and servicing of finance	2		(7,936)		(5,536)
Capital expenditure	2		(9,910)		(12,007)
			(19,338)		73,419
Financing	2		(58,074)		(36,974)
(Decrease)/Increase in cash in the period			(77,412)		36,445

	Notes	2007 £	2007 £	2006 £	2006 £
Reconciliation of net cash flow to movement in net debt	3				
(Decrease)/Increase in cash in the period		(77,412)		36,445	
Cash outflow from decrease in debt and lease financing		58,074		36,974	
Change in net debt resulting from cash flows			(19,338)		73,419
New finance leases			(71,119)		(74,890)
Movement in net debt in the period			(90,457)		(1,471)
Net debt at 1 July			(727,021)		(725,550)
Net debt at 30 June			(817,478)		(727,021)

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

1 **RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2007	2006
	£	£
Operating profit	70,364	23,351
Depreciation charges	60,148	51,568
Profit on disposal of fixed assets	(4,498)	(2,548)
Increase / (decrease) in group creditors	29,303	(85,772)
Increase in stocks	(31,254)	(47,712)
(Increase)/Decrease in debtors	(135,146)	127,105
Increase in creditors	9,591	24,970
Net cash (outflow)/inflow from operating activities	(1,492)	90,962

2 **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2007	2006
	£	£
Returns on investments and servicing of finance		
Interest paid	-	(170)
Interest element of hire purchase payments	(7,936)	(5,366)
Net cash outflow for returns on investments and servicing of finance	(7,936)	(5,536)
Capital expenditure		
Purchase of tangible fixed assets	(14,410)	(14,557)
Sale of tangible fixed assets	4,500	2,550
Net cash outflow for capital expenditure	(9,910)	(12,007)
Financing		
Capital repayments in year	(58,074)	(36,974)
Net cash outflow from financing	(58,074)	(36,974)

3 **ANALYSIS OF CHANGES IN NET DEBT**

	At 1 7 06	Cash flow	Other non-cash changes	At 30 6 07
	£	£	£	£
Net cash				
Cash at bank and in hand	13,054	(2,768)		10,286
Bank overdraft	(662,832)	(74,644)		(737,476)
	(649,778)	(77,412)		(727,190)
Debt				
Hire purchase	(77,243)	58,074	(71,119)	(90,288)
	(77,243)	58,074	(71,119)	(90,288)
Total	(727,021)	(19,338)	(71,119)	(817,478)

The notes form part of these financial statements

1 ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention

Turnover
Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Short leasehold	- in accordance with the property
Plant and machinery	- 20% on cost
Motor vehicles	- 25% on cost
Furniture and equipment	- 20% on cost

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

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet Those held under hire purchase contracts are depreciated over their estimated useful lives Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period The capital element of the future payments is treated as a liability

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Financial instruments
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities
Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability
Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

2 STAFF COSTS

	2007	2006
	£	£
Wages and salaries	676,222	649,284
Social security costs	67,063	64,640
	743,285	713,924

continued

2 STAFF COSTS - continued

The average monthly number of employees during the year was as follows

	2007	2006
Sales and distribution	24	24
Administration excluding directors	6	6
	30	30

3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2007	2006
	£	£
Hire of plant and machinery	4,847	6,056
Other operating leases	106,486	108,797
Depreciation - owned assets	53,265	23,316
Depreciation - assets on hire purchase contracts	6,883	28,252
Profit on disposal of fixed assets	(4,498)	(2,548)
Auditors' remuneration	5,500	4,250
Directors' emoluments	-	-

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Bank interest	-	22
Interest on tax paid late	-	148
Hire purchase	7,936	5,366
	7,936	5,536

5 TAXATION

Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows

	2007	2006
	£	£
Current tax		
UK corporation tax	6,250	-
Tax on profit on ordinary activities	6,250	-

UK corporation tax has been charged at 19 25%

continued

5 TAXATION - continued

Factors affecting the tax charge
The tax assessed for the year is lower than the standard rate of corporation tax in the UK The difference is explained below

	2007 £	2006 £
Profit on ordinary activities before tax	62,428	17,815
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	18,728	5,345
Effects of		
Expenses not deductible for tax purposes	358	1,694
Depreciation less than capital allowances	(2,647)	(5,266)
Losses for tax purposes offset	(6,702)	(1,773)
Marginal relief and rounding	(3,487)	-
Current tax charge	6,250	-

6 TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Motor vehicles £	Furniture and equipment £	Totals £
COST					
At 1 July 2006	19,176	37,137	433,075	8,922	498,310
Additions	-	4,056	81,473	-	85,529
Disposals	-	-	(40,678)	-	(40,678)
At 30 June 2007	19,176	41,193	473,870	8,922	543,161
DEPRECIATION					
At 1 July 2006	19,176	30,062	333,651	2,666	385,555
Charge for year	-	2,512	55,850	1,786	60,148
Eliminated on disposal	-	-	(40,676)	-	(40,676)
At 30 June 2007	19,176	32,574	348,825	4,452	405,027
NET BOOK VALUE					
At 30 June 2007	-	8,619	125,045	4,470	138,134
At 30 June 2006	-	7,075	99,424	6,256	112,755

continued

6 TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Motor vehicles £
COST	
At 1 July 2006	129,003
Additions	75,573
At 30 June 2007	204,576
DEPRECIATION	
At 1 July 2006	35,237
Charge for year	6,883
At 30 June 2007	42,120
NET BOOK VALUE	
At 30 June 2007	162,456
At 30 June 2006	93,766

7 STOCKS

	2007 £	2006 £
Finished goods	591,020	559,766

8 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade debtors	1,190,366	1,085,732
Prepayments and accrued income	63,219	32,707
	1,253,585	1,118,439

Trade debtors include an amount of £1,248,576 (2006 - £1,043,474) which provide security in respect of invoice discounting borrowings

9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Invoice discounting borrowings (see note 11)	737,476	662,832
Hire purchase contracts (see note 12)	54,468	39,189
Trade creditors	43,693	38,853
Amounts owed to group undertakings	1,281,429	1,252,126
Tax	6,250	-
Social security and other taxes	132,958	127,711
Other creditors	464	464
Accruals and deferred income	50,226	50,722
	2,306,964	2,171,897

continued

9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

The bank overdraft and invoice discounting borrowings are secured by a fixed and floating charge over all the assets of the company and by cross guarantees between the company, Franciacorta Limited and Alivini Company Limited

The invoice discounting borrowings are also secured by the personal guarantees, limited to £35,000 each, of all of the directors of the company

10 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007	2006
	£	£
Hire purchase contracts (see note 12)	35,820	38,054

11 LOANS

An analysis of the maturity of loans is given below

	2007	2006
	£	£
Amounts falling due within one year or on demand		
Invoice discounting borrowings	737,476	662,832

12 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	2007	2006
	£	£
Gross obligations repayable		
Within one year	60,889	44,819
Between one and five years	39,776	42,403
	100,665	87,222
Finance charges repayable		
Within one year	6,421	5,630
Between one and five years	3,956	4,349
	10,377	9,979
Net obligations repayable		
Within one year	54,468	39,189
Between one and five years	35,820	38,054
	90,288	77,243

continued

12 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2007	2006	**2007**	2006
	£	£	**£**	£
Expiring				
Between one and five years	-	-	-	7,778
In more than five years	96,848	95,954	-	-
	96,848	95,954	-	7,778

13 CALLED UP SHARE CAPITAL

Authorised

Number	Class	Nominal value	2007 £	2006 £
1,000	Ordinary	£1	1,000	1,000

Allotted, issued and fully paid

Number	Class	Nominal value	2007 £	2006 £
751	Ordinary	£1	751	751

14 RESERVES

	Profit and loss account £
At 1 July 2006	(406,688)
Profit for the year	56,178
At 30 June 2007	(350,510)

15 ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is Franciacorta Limited, a company incorporated in England and Wales The largest and smallest group of undertakings for which group accounts have been drawn up, including the company, is that headed by Franciacorta Limited Copies of the accounts of the parent company can be obtained from Munslows, 2nd Floor Manfield House, 1 Southampton Street, London, WC2R 0LR The company is ultimately controlled by the directors of the parent company who are the same individuals as the directors of the company

16 CONTINGENT LIABILITIES

The company has provided a cross guarantee in respect of invoice discounting borrowings granted to Alivini Company Limited The total borrowings under this facility by Alivini Company Limited were £2,251,566 (2006 £2,250,018)

continued

17 TRANSACTIONS WITH DIRECTORS

As a wholly-owned subsidiary of Franciacorta Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Franciacorta Limited on the grounds that accounts are publicly available from the Registered Office

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit for the financial year	56,178	17,815
Net addition to shareholders' funds	56,178	17,815
Opening shareholders' funds	(405,937)	(423,752)
Closing shareholders' funds	(349,759)	(405,937)

19 DEFERRED TAXATION

Potential amounts of deferred tax assets not provided at 30% are

	Unprovided Asset	
	2007	2006
	£	£
Depreciation in excess of capital allowances	8,168	11,398
Unrelieved trading losses	-	6,702
Total unprovided deferred tax asset	£8,168	£18,100

The deferred tax asset will be recovered when there are suitable taxable profits from which the future reversal of the underlying timing differences can be deducted