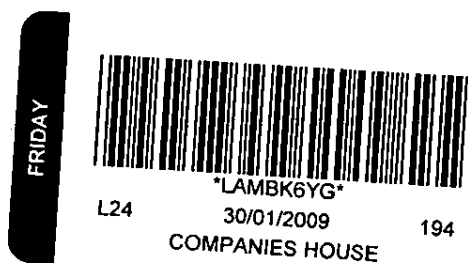


Company Registration No. 01302718 (England and Wales)

EHRMANN'S LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2008



EHRMANN'S LIMITED

COMPANY INFORMATION

Directors	P. Dauthieu J.M. Chapman N. R. Day H.A. Campbell M.W.W. Jarzebowski K.A. Lay
Secretary	J.M. Chapman
Company number	01302718
Registered office	29 Corsica Street London N5 1JT
Auditors	Goodman Jones LLP 29/30 Fitzroy Square London W1T 6LQ
Business address	29 Corsica Street London N5 1JT
Bankers	Bank of Scotland plc 4th Floor New Uberior House 11 Earl Grey Street Edinburgh EH3 9BN
Solicitors	Olswang 90 High Holborn London WC1V 6XX

EHRMANN'S LIMITED

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EHRMANN'S LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2008

The directors present their report and financial statements for the year ended 31 March 2008.

Principal activities and review of the business

The company's principal activity is the import and distribution of wines from a variety of countries for sale to customers in all sectors of the UK wine retail market, from national grocers to independent wine shops.

The year has been one of consolidation for the Company.

The continuing price wars and consolidation amongst the major supermarket chains meant that trading in the Off trade has continued to be difficult in the year. With the worsening economic environment the Directors do not see any reduction in the pressure in margins in the coming year.

In light of this, the directors continue to undertake careful planning and monitoring to control costs and retain a competitive price and margin. The directors consider that the company's multi channel service will continue to be highly relevant although it will be reducing its exposure to lower margin sectors of the UK while focus further resource on its growing business in the independent trade and within export markets where margin pressure is less.

	2008	2007	2006	2005
Turnover (£ millions)	22.6	24.8	20.4	20.7

The company's principal financial instruments comprise bank balances, bank overdrafts, trade creditors, trade debtors and loans to other group companies. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. The company makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the continual monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 April 2007:

P. Dauthieu
J.M. Chapman
N. R. Day
H.A. Campbell
M.W.W. Jarzebowski
K.A. Lay

EHRMANN'S LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

Charitable donations	2008 £	2007 £
During the year the company made the following payments:		
Charitable donations	553	-

Auditors

In accordance with the Company's Articles, a resolution proposing that Goodman Jones LLP be reappointed as auditors of the company will be put at a General Meeting.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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:

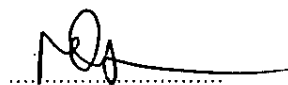
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



29-01-2009

EHRMANN'S LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF EHRMANN'S LIMITED

We have audited the financial statements of Ehrmann's Limited on pages 5 to 16 for the year ended 31 March 2008. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and 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 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the 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 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 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.

EHRMANN'S LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF EHRMANN'S LIMITED

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 31 March 2008 and of its loss 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 directors' report is consistent with the financial statements.


Goodman Jones LLP

29.01.09

Chartered Accountants
Registered Auditor

29/30 Fitzroy Square
London
W1T 6LQ

EHRMANN'S LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
Turnover	2	22,577,411	24,817,534
Cost of sales		(20,243,295)	(22,232,596)
Gross profit		2,334,116	2,584,938
Administrative expenses		(2,421,565)	(2,332,727)
Other operating income		-	1,194
Operating (loss)/profit	3	(87,449)	253,405
Loss on disposal of subsidiary undertaking		-	(38,999)
(Loss)/profit on ordinary activities before interest		(87,449)	214,406
Other interest receivable and similar income	4	16,609	22,347
Interest payable and similar charges	5	(22,191)	(24,684)
(Loss)/profit on ordinary activities before taxation		(93,031)	212,069
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit for the year		(93,031)	212,069

The profit and loss account has been prepared on the basis that all operations are continuing operations.

EHRMANN'S LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
(Loss)/profit for the financial year		(93,031)	212,069
Unrealised (deficit)/surplus on revaluation of properties		-	150,209
Total recognised gains and losses relating to the year		<u>(93,031)</u>	<u>362,278</u>

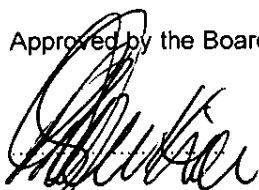
EHRMANN'S LIMITED

BALANCE SHEET

AS AT 31 MARCH 2008

	Notes	2008		2007	
		£	£	£	£
Fixed assets					
Tangible assets	7		1,118,531		1,146,210
Investments	8		1,000		1,000
			<u>1,119,531</u>		<u>1,147,210</u>
Current assets					
Stocks	9	771,478		619,569	
Debtors	10	8,646,772		8,630,667	
Cash at bank and in hand		656,724		282,681	
		<u>10,074,974</u>		<u>9,532,917</u>	
Creditors: amounts falling due within one year	11	<u>(7,569,055)</u>		<u>(6,961,646)</u>	
Net current assets			<u>2,505,919</u>		<u>2,571,271</u>
Total assets less current liabilities			<u>3,625,450</u>		<u>3,718,481</u>
Capital and reserves					
Called up share capital	13		339,111		339,111
Share premium account			831,847		831,847
Revaluation reserve			500,846		500,846
Other reserves			92,925		92,925
Profit and loss account			1,860,721		1,953,752
Shareholders' funds	15		<u>3,625,450</u>		<u>3,718,481</u>

Approved by the Board and authorised for issue on 29-01-2009



Director

EHRMANN'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% on value
Fixtures, fittings & equipment	15-25% on cost
Motor vehicles	25% on cost

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17. These contributions are held separately from the company assets.

1.9 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The deferred tax liability arising from the revaluation of the freehold property has not been provided for, as the company does not intend to sell the asset.

EHRMANN'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

1 Accounting policies

(continued)

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Ehrmann's Holdings Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating (loss)/profit	2008 £	2007 £
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets	35,149	34,488
	Loss on disposal of tangible assets	-	102
	Loss on foreign exchange transactions	17,228	-
	Operating lease rentals		
	- Plant and machinery	3,525	8,760
	Auditors' remuneration (including expenses and benefits in kind)	16,000	16,000
	and after crediting:		
	Profit on disposal of tangible assets	(1)	-
	Profit on foreign exchange transactions	-	(46,907)
		<u> </u>	<u> </u>
4	Investment income	2008 £	2007 £
	Bank interest	16,609	15,049
	Other interest	-	7,298
		<u> </u>	<u> </u>
		<u>16,609</u>	<u>22,347</u>

EHRMANN'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

5	Interest payable	2008 £	2007 £
	On bank loans and overdrafts	22,191	24,684
		<u>22,191</u>	<u>24,684</u>
6	Taxation	2008	2007
	Current tax charge	-	-
		<u>-</u>	<u>-</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(93,031)	212,069
		<u>(93,031)</u>	<u>212,069</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2007 - 30.00%)	(27,909)	63,621
		<u>(27,909)</u>	<u>63,621</u>
	Effects of:		
	Non deductible expenses	7,409	6,345
	Depreciation add back	10,545	10,346
	Capital allowances	-	(9,340)
	Tax losses utilised	9,955	(70,972)
		<u>27,909</u>	<u>(63,621)</u>
	Current tax charge	-	-
		<u>-</u>	<u>-</u>

The company has estimated losses of £ 705,200 (2007 - £ 672,000) available for carry forward against future trading profits.

The tax charge in future periods may be affected by a deferred tax asset of £220,410 (2007: £213,165) primarily arising as a result of non-trading losses of £672,030 incurred in previous periods. This asset has not been recognised because the directors are uncertain when these non-trading losses will be fully utilised.

EHRMANN'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

7 Tangible fixed assets

	Land and buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2007	1,100,000	245,060	28,317	1,373,377
Additions	-	7,470	-	7,470
Disposals	-	(140,618)	(28,317)	(168,935)
At 31 March 2008	1,100,000	111,912	-	1,211,912
Depreciation				
At 1 April 2007	-	198,850	28,317	227,167
On disposals	-	(140,618)	(28,317)	(168,935)
Charge for the year	11,000	24,149	-	35,149
At 31 March 2008	11,000	82,381	-	93,381
Net book value				
At 31 March 2008	1,089,000	29,531	-	1,118,531
At 31 March 2007	1,100,000	46,210	-	1,146,210

The freehold land and buildings were valued at £1,100,000 as at the 8th October 2007 by the Directors. This interim valuation is based on the sales price of similar properties which have recently been sold. If the property was sold for the revalued amount, it is not anticipated that any tax charge would arise.

EHRMANN'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 April 2007 & at 31 March 2008	1,000
Net book value	
At 31 March 2008	1,000
	<u>1,000</u>
At 31 March 2007	<u>1,000</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Ehrmanns International Limited	England	Ordinary	100
Italian Wine Brands Limited	England	Ordinary	100

9 Stocks	2008	2007
	£	£
Finished goods and goods for resale	771,478	619,569
	<u>771,478</u>	<u>619,569</u>

10 Debtors	2008	2007
	£	£
Trade debtors	5,318,191	5,293,730
Amounts owed by parent and fellow subsidiary undertakings	3,152,316	3,119,532
Other debtors	61,685	85,547
Prepayments and accrued income	114,580	131,858
	<u>8,646,772</u>	<u>8,630,667</u>

EHRMANN'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

11 Creditors: amounts falling due within one year	2008	2007
	£	£
Bank loans and overdrafts	826,824	159,709
Trade creditors	6,031,792	6,182,375
Taxes and social security costs	389,347	410,487
Other creditors	91,592	68,638
Accruals and deferred income	229,500	140,437
	<u>7,569,055</u>	<u>6,961,646</u>

The bank loans and overdrafts are secured by a charge over the freehold property owned by the company, by a floating charge over the assets of Ehrmann's Limited and by a cross guarantee between group companies.

12 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date, contributions totalling £1,338 (2007: £1,416) were outstanding.

	2008	2007
	£	£
Contributions payable by the company for the year	<u>66,574</u>	<u>58,645</u>

EHRMANN'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

13 Share capital	2008 £	2007 £
Authorised		
2,650,000 Ordinary shares of 50p each	1,325,000	1,325,000
250,000 Ordinary shares 'A' of 50p each	125,000	125,000
1,000,000 Ordinary shares 'B' of 50p each	500,000	500,000
500,000 Deferred shares of 50p each	250,000	250,000
	<u>2,200,000</u>	<u>2,200,000</u>
 Allotted, called up and fully paid		
570,222 Ordinary shares of 50p each	285,111	285,111
108,000 Ordinary shares 'A' of 50p each	54,000	54,000
	<u>339,111</u>	<u>339,111</u>

The ordinary shares and ordinary 'A' shares rank pari passu in all respects except that the directors may at any time resolve to declare a dividend on one class and not the other.

14 Statement of movements on reserves

	Share premium account £	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2007	831,847	500,846	92,925	1,953,752
Loss for the year	-	-	-	(93,031)
Balance at 31 March 2008	<u>831,847</u>	<u>500,846</u>	<u>92,925</u>	<u>1,860,721</u>

Other reserves

Capital redemption reserve

Balance at 1 April 2007 & at 31 March 2008

92,925

15 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
(Loss)/Profit for the financial year	(93,031)	212,069
Other recognised gains and losses	-	150,209
Net (depletion in)/addition to shareholders' funds	<u>(93,031)</u>	<u>362,278</u>
Opening shareholders' funds	3,718,481	3,356,203
Closing shareholders' funds	<u>3,625,450</u>	<u>3,718,481</u>

EHRMANN'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

16 Contingent liabilities

The company has issued a debenture to act as security for £450,000 0% Secured Loan Stock issued by Ehrmann's Holdings Limited, the ultimate parent company. This stock is repayable only on the sale or listing of the Parent Company.

17 Financial commitments

At 31 March 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2009:

	2008	2007
	£	£
Operating leases which expire:		
Between two and five years	3,525	3,836

18 Directors' emoluments

	2008	2007
	£	£
Emoluments for qualifying services	419,300	442,412
Company pension contributions to money purchase schemes	34,468	34,784
Other emoluments including benefits in kind	4,217	4,061
	<u>457,985</u>	<u>481,257</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 5 (2007- 5).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	114,240	110,750
Other emoluments including benefits in kind	952	826
Company pension contributions to money purchase schemes	12,075	10,350

EHRMANN'S LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2008 Number	2007 Number
Management	5	5
Sales	22	19
Administration	6	6
	<u>33</u>	<u>30</u>

Employment costs

	2008 £	2007 £
Wages and salaries	1,389,670	1,341,810
Social security costs	165,517	153,744
Other pension costs	66,574	58,645
	<u>1,621,761</u>	<u>1,554,199</u>

20 Control

The company is wholly owned by Ehrmanns Holding Limited, a company registered in England and Wales. Ehrmanns Holdings Limited is the ultimate parent company and is also the largest and smallest group which includes the company and for which group accounts are prepared. Copies of the group financial statements are available from 29 Corsica Street, London N5 1JT.

21 Related party transactions

In accordance with paragraph 3 of FRS 8; Related Party Transactions, the company has taken advantage of the exception available to 90% owned subsidiaries not to disclose related party transactions with group members.

During the year, the company recharged the Company of Wine People, Europe Ltd, an associated undertaking of Ehrmanns Holdings Ltd, overhead and promotional expenses totalling £496,872 (2007: £379,452).

At the balance sheet date, the company owed £91,300 (2007: £68,638) to Company of Wine People, Europe Ltd.