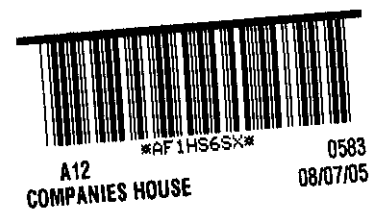


Company Registration No. 547325 (England and Wales)

ALCOHOLS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004



ALCOHOLS LIMITED

COMPANY INFORMATION

Directors	A J Wallis R H Ling
Secretary	R H Ling
Company number	547325
Registered office	Charringtons House The Causeway Bishop's Stortford Hertfordshire CM23 2ER
Auditors	FW Stephens 3rd Floor 10 Charterhouse Square London EC1M 6LQ
Bankers	National Westminster Bank plc 134 Aldersgate Street London EC1A 4LD
Solicitors	Whitehouse Gibson & Alton 29 Abbeville Road Clapham London SW4 9LA

ALCOHOLS LIMITED

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ALCOHOLS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2004

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

Principal activities and review of the business

The principal activity of the company continued to be the manufacture of various alcohol products and the distribution of alcohols and solvents.

The company is a subsidiary of W H Palmer & Co (Industries) Limited.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

Results and dividends

The results for the year are set out on page 4.

In view of the improved results for the year the directors decided to contribute an additional £50,000 into the company's Retirement and Death Benefit Scheme to reduce the deficit reported by the actuary as at the last full valuation.

An interim ordinary dividend was paid amounting to £40,000. The directors recommend payment of a final dividend amounting to £65,000.

Future developments

The company will continue to concentrate on further development of its core activities of chemical distribution both in the UK and overseas and gin distillation by expansion resulting from its marketing strategy or acquisition of any business complementary to its core activities. An acquisition of such a business which specialises in the export of chemical products was made in February 2004.

Directors

The following directors have held office since 1 January 2004:

A J Wallis
R H Ling

In accordance with the company's Articles of Association, R H Ling retires by rotation and, being eligible, offers himself for re-election.

Directors' interests

The directors had no interest in the shares of the company. The directors' interests in the ordinary shares of the ultimate holding company were as stated below:

	Ordinary of £ 1 each	
	31 December 2004	1 January 2004
A J Wallis	7,500	7,500
R H Ling	-	-

The directors had no interest in the shares of any other company within the group.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that FW Stephens be reappointed as auditors of the company will be put to the Annual General Meeting.

ALCOHOLS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

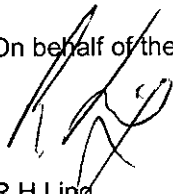
Directors' responsibilities

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;
- 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 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.

On behalf of the board



R H Ling

Director

20 May 2005

ALCOHOLS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ALCOHOLS LIMITED

We have audited the financial statements of Alcohols Limited on pages 4 to 16 for the year ended 31 December 2004. These financial statements have been prepared under the historical cost convention 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

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs 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.

FW Stephens

FW Stephens
Chartered Accountants
Registered Auditor

23 May 2005

3rd Floor
10 Charterhouse Square
London
EC1M 6LQ

ALCOHOLS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
Turnover	2	10,446,141	9,852,949
Cost of sales		(7,181,658)	(6,969,001)
Gross profit		3,264,483	2,883,948
Distribution costs		(2,283,321)	(2,153,931)
Administrative expenses		(780,390)	(676,427)
Other operating income		77,500	-
Operating profit	3	278,272	53,590
Other interest receivable and similar income		63,895	63,183
Profit on ordinary activities before taxation		342,167	116,773
Tax on profit on ordinary activities	4	(111,150)	(32,000)
Profit on ordinary activities after taxation		231,017	84,773
Dividends	5	(105,000)	(105,000)
Retained profit/(loss) for the year	14	126,017	(20,227)

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

There are no recognised gains and losses other than those passing through the profit and loss account.

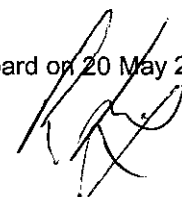
ALCOHOLS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	2004		2003	
		£	£	£	£
Fixed assets					
Tangible assets	6		563,163		588,517
Investments	7		143,135		135,135
			<u>706,298</u>		<u>723,652</u>
Current assets					
Stocks	8	1,187,033		945,447	
Debtors	9	1,995,571		1,677,668	
Cash at bank and in hand		1,114,932		1,465,781	
		<u>4,297,536</u>		<u>4,088,896</u>	
Creditors: amounts falling due within one year	10	<u>(1,305,632)</u>		<u>(1,227,363)</u>	
Net current assets			<u>2,991,904</u>		<u>2,861,533</u>
Total assets less current liabilities			<u>3,698,202</u>		<u>3,585,185</u>
Provisions for liabilities and charges	11		<u>(47,000)</u>		<u>(60,000)</u>
			<u>3,651,202</u>		<u>3,525,185</u>
Capital and reserves					
Called up share capital	13		1,000		1,000
Profit and loss account	14		3,650,202		3,524,185
Shareholders' funds - equity interests	15		<u>3,651,202</u>		<u>3,525,185</u>

The financial statements were approved by the Board on 20 May 2005


A J Wallis
Director


R H Ling
Director

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary, and its results are included in the consolidated financial statements.

1.2 Compliance with accounting standards

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

1.3 Turnover

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

1.4 Tangible fixed assets and depreciation

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

Land and buildings short lease	over the lease term
Plant and machinery	5%, 10%, 15%, 20% and 25% per annum
Fixtures, fittings & equipment	15%, 20% and 25% per annum
Motor vehicles	20%, 25% and 33 1/3% per annum

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 regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet in accordance with SSAP 24.

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. This is in accordance with FRS 19.

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.

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

(continued)

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 W H Palmer & Co (Industries) Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

2 Turnover

Geographical market

	Turnover	
	2004	2003
	£	£
United Kingdom	9,407,144	9,025,102
Rest of the world	1,038,997	827,847
	<u>10,446,141</u>	<u>9,852,949</u>

3 Operating profit

	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	130,926	141,689
Loss on foreign exchange transactions	-	1,807
Operating lease rentals	150,914	126,269
Auditors' remuneration	20,225	19,475
and after crediting:		
Profit on disposal of tangible assets	(6,921)	(3,500)
Profit on foreign exchange transactions	(1,319)	-
	<u>(8,245)</u>	<u>(3,500)</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

4	Taxation	2004 £	2003 £
	Domestic current year tax		
	U.K. corporation tax	124,150	-
	Current tax charge	124,150	-
	Deferred tax		
	Deferred tax charge/credit current year	(13,000)	32,000
		<u>111,150</u>	<u>32,000</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>342,167</u>	<u>116,773</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 19.00%)	<u>102,650</u>	<u>22,187</u>
	Effects of:		
	Non deductible expenses	25,346	2,225
	Depreciation add back	39,278	26,921
	Capital allowances	(38,885)	(22,329)
	Chargeable disposals	(2,076)	(665)
	Other tax adjustments	(2,163)	(28,339)
		<u>21,500</u>	<u>(22,187)</u>
	Current tax charge	<u>124,150</u>	<u>-</u>
5	Dividends	2004 £	2003 £
	Ordinary interim paid	40,000	40,000
	Ordinary final proposed	65,000	65,000
		<u>105,000</u>	<u>105,000</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

6 Tangible fixed assets

	Land and buildings short lease £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2004	104,411	1,315,516	228,640	296,981	1,945,548
Additions	-	85,546	16,643	27,372	129,561
Disposals	-	-	-	(90,916)	(90,916)
At 31 December 2004	104,411	1,401,062	245,283	233,437	1,984,193
Depreciation					
At 1 January 2004	80,413	921,317	203,024	152,277	1,357,031
On disposals	-	-	-	(66,927)	(66,927)
Charge for the year	2,765	64,614	14,674	48,873	130,926
At 31 December 2004	83,178	985,931	217,698	134,223	1,421,030
Net book value					
At 31 December 2004	21,233	415,131	27,585	99,214	563,163
At 31 December 2003	23,998	394,199	25,616	144,704	588,517

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

7 Fixed asset investments

	Unlisted investments £	Shares in group undertakings £	Total £
Cost			
At 1 January 2004	46,632	125,500	172,132
Additions	5,327	8,000	13,327
	<hr/>	<hr/>	<hr/>
At 31 December 2004	51,959	133,500	185,459
	<hr/>	<hr/>	<hr/>
Provisions for diminution in value			
At 1 January 2004	31,997	5,000	36,997
Charge for the year	5,327	-	5,327
	<hr/>	<hr/>	<hr/>
At 31 December 2004	37,324	5,000	42,324
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2004	14,635	128,500	143,135
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2003	14,635	120,500	135,135
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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	Class	Shares held %
Subsidiary undertakings			
Alcohols (North West) Limited	England & Wales	Ordinary	100
Lang-Met Distillers Limited	England & Wales	Ordinary	100
Langley Distillery Limited	England & Wales	Ordinary	100
Trithin Products Limited	England & Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves 2004 £	Profit for the year 2004 £
Alcohols (North West) Limited	92,011	-
Lang-Met Distillers Limited	28,500	-
Langley Distillery Limited	-	-
Trithin Products Limited	18,874	18,774
	<hr/> <hr/>	<hr/> <hr/>

The principal activity of Trithin Products Limited was exporting chemical products. The other subsidiary undertakings did not trade during the year.

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

8 Stocks	2004 £	2003 £
Finished goods and goods for resale	1,187,033	945,447

9 Debtors	2004 £	2003 £
Trade debtors	1,545,719	1,575,045
Amounts owed by subsidiary undertakings	254,520	-
Other debtors	11,042	18,167
Prepayments and accrued income	184,290	84,456
	<u>1,995,571</u>	<u>1,677,668</u>

Amounts falling due after more than one year and included in the debtors above are:

	2004 £	2003 £
Other debtors	4,417	11,042

10 Creditors: amounts falling due within one year	2004 £	2003 £
Trade creditors	621,048	692,135
Amounts owed to subsidiary undertakings	120,511	120,511
Corporation tax	126,558	6,539
Other taxes and social security costs	69,692	71,625
Other creditors	12,409	12,876
Accruals and deferred income	290,414	258,677
Proposed dividend	65,000	65,000
	<u>1,305,632</u>	<u>1,227,363</u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

11 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2004	60,000
Profit and loss account	(13,000)
	<hr/>
Balance at 31 December 2004	47,000
	<hr/> <hr/>

The deferred tax liability is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	62,000	60,000
Other timing differences	(15,000)	-
	<hr/>	<hr/>
	47,000	60,000
	<hr/> <hr/>	<hr/> <hr/>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

12 Pension costs

The company operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company, being invested with life assurance companies.

The pension cost is assessed in accordance with SSAP 24, Accounting for Pension Costs, based on triennial valuations on the advice of an independently qualified actuary using the attained age funding method. The latest actuarial valuation, for the purposes of these financial statements, was as at 1st June 2002.

The principal assumptions used were that, in the long term, the return on investments would be 7% per annum, that salary increases are restricted to 3% per annum and that current employees' pensions up to pensionable age would increase with commensurate benefit.

The valuation also indicated that the market value of the schemes assets was £2.68m and that the actuarial value of those assets represented 107% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

On the advice of the actuary the company's normal rate of contributions is estimated to be 15.9% of pensionable payroll plus additional contributions of £38,000 per annum to cover the updated actuarial deficit as at 31st December 2002 and additional Death in Service insurance premiums. This contribution rate was effective from 1st March 2003.

The total pension cost for the company was £210,000 (2003: £140,000). This includes an additional £50,000 above that recommended by the scheme actuary to reduce the deficit reported by him at the last full valuation.

Accrual of benefit for future service was suspended on 1st September 2003 to protect benefit earned by scheme members up to that date. The future of the scheme will be reviewed when the results of the next full valuation as at 1st June 2005 are known.

FRS 17, Retirement benefits, disclosures

The full implementation of FRS 17 has been deferred. However certain disclosures are required which are included below.

The valuation has been based on the most recent actuarial valuation as at 1st June 2002 and updated by the scheme actuary to 31st December 2004 for the purposes of FRS 17.

The principal actuarial assumptions were as follows:

	2004	2003
	%	%
The main financial assumptions are as follows:		
Rate of increase in salaries	3.00	3.00
Rate of increase in pensions in payment	3.00	2.75
Discount rate	5.25	5.50
Inflation assumption	3.00	2.75

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

12 Pension costs (continued)

The long term expected rates of return are as follows:

Equities	8.00	8.00
Bonds	5.00	5.25
Other assets	4.00	4.00
	<u> </u>	<u> </u>

2004	2003
£	£

The assets in the scheme are as follows:

Equities	1,577,000	1,948,000
Bonds	1,027,000	278,000
Other assets	274,000	448,000
	<u> </u>	<u> </u>

2,878,000	2,674,000
-----------	-----------

Present value of scheme liabilities	3,383,000	3,062,000
	<u> </u>	<u> </u>

Deficit in scheme	(505,000)	(388,000)
-------------------	-----------	-----------

Related deferred tax asset	151,000	116,400
	<u> </u>	<u> </u>

Net pension liability	(354,000)	(271,600)
	<u> </u>	<u> </u>

The principal assumptions used by the actuary have been chosen from a range of possible assumptions which, due to volatile equity and financial markets, may not necessarily be borne out in practice.

The market value of the scheme's assets, which are not intended to be realised in the short term, may be subject to significant change before they are realised. The present value of the scheme's liabilities are derived from long term projections and are therefore inherently uncertain.

The net pension liability shown above would have a consequential effect on reserves.

13 Share capital 2004 2003

	£	£
--	---	---

Authorised

1,000 Ordinary of £1 each	1,000	1,000
	<u> </u>	<u> </u>

Allotted, called up and fully paid

1,000 Ordinary of £1 each	1,000	1,000
	<u> </u>	<u> </u>

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2004	3,524,185
Retained profit for the year	126,017
	<hr/>
Balance at 31 December 2004	3,650,202
	<hr/> <hr/>

15 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	231,017	84,773
Dividends	(105,000)	(105,000)
	<hr/>	<hr/>
Net addition to/(depletion in) shareholders' funds	126,017	(20,227)
Opening shareholders' funds	3,525,185	3,545,412
	<hr/>	<hr/>
Closing shareholders' funds	3,651,202	3,525,185
	<hr/> <hr/>	<hr/> <hr/>

16 Financial commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2004	2003
	£	£
Expiry date:		
Within one year	-	19,700
In over five years	149,740	130,040
	<hr/>	<hr/>
	149,740	149,740
	<hr/> <hr/>	<hr/> <hr/>

17 Directors' emoluments

	2004 £	2003 £
Emoluments for qualifying services	197,391	179,098
	<hr/> <hr/>	<hr/> <hr/>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2003- 2).

ALCOHOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2004

18 Employees

Number of employees

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

	2004 Number	2003 Number
Administration and management	7	8
Operational, selling and distribution	35	34
	<u>42</u>	<u>42</u>

Employment costs

	£	£
Wages and salaries	980,775	959,236
Social security costs	111,608	91,443
Other pension costs	211,958	141,833
	<u>1,304,341</u>	<u>1,192,512</u>

19 Control

The ultimate parent company is W H Palmer & Co (Industries) Limited, a company registered in England and Wales.

W H Palmer & Co (Industries) Limited prepares group financial statements and copies can be obtained from Charringtons House, The Causeway, Bishop's Stortford, Hertfordshire, CM23 2ER.