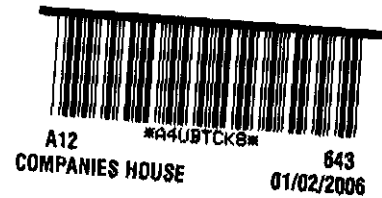


Winchester Growers Limited

Report and Financial Statements

31 December 2004



Winchester Growers Limited

Registered No: 03007729

Directors

G J Flint
M I Mann
B J van Wijk
A N Moolenaar

Secretary

N Britton

Auditors

Ernst & Young LLP
Compass House
80 Newmarket Road
Cambridge
CB5 8DZ

Bankers

Royal Bank of Scotland
105 High Street
Winchester
SO23 9AW

Solicitors

Paris Smith & Randall
1 London Road
Southampton
SO15 2AE

Registered office

Herdgate Lane
Pinchbeck
Spalding
Lincolnshire
PE11 3UP

Directors' report

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

Results and dividends

The loss for the year, after taxation, amounted to £213,753. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the year was the production and supply of cut flowers, household plants and garden bulbs for retail supermarkets.

Directors and their interests

The directors at 31 December 2004 and their interests in the share capital of the parent company were as follows:

	At 31 December 2004	At 1 January 2004 or subsequent date of appointment
	Ordinary shares of £1 in the parent company	Ordinary shares of £1 in the parent company
G J Flint	12,704	12,704
M I Mann	8,168	8,168
B J van Wijk (appointed 26 January 2004)	—	—
A N Moolenaar (appointed 1 January 2004)	—	—

In addition, the following who served as directors of the company resigned during the year:

M Van Lier (resigned 30 July 2004)

P D Williams (resigned 31 March 2004)

None of the directors have any interests in the shares of the company.

Fixed assets

The directors are of the opinion that market value of the land and buildings exceeds the net book value of the assets as detailed in these financial statements.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



N Britton
Secretary

5 December 2005

Statement of directors' responsibilities in respect of the financial statements

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; and
- *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.

Independent auditors' report

to the members of Winchester Growers 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 20. 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.

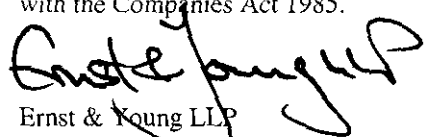
Basis of audit opinion

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.

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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Cambridge

13 December 2005

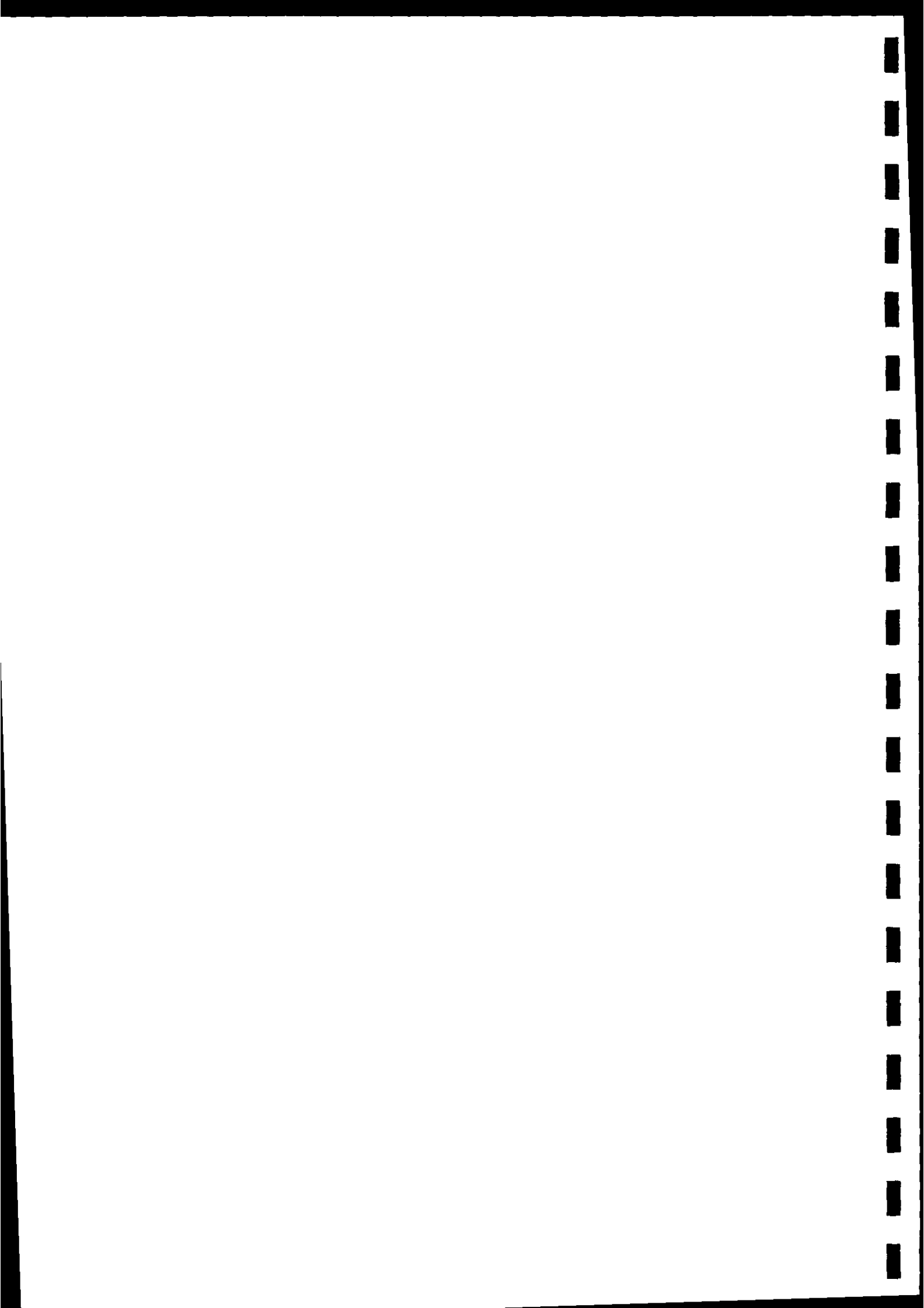
Profit and loss account

for the year ended 31 December 2004

	Notes	2004 £	2003 £
Turnover	2	31,467,867	34,403,088
Cost of sales		29,064,068	31,965,655
Gross profit		2,403,799	2,437,433
Administrative expenses		(1,866,004)	(2,589,099)
Exceptional charge	6	(413,000)	—
Operating profit/(loss)	3	124,795	(151,666)
Interest payable and similar charges	7	257,548	212,703
Loss on ordinary activities before taxation		(132,753)	(364,369)
Tax on loss on ordinary activities	8	81,000	—
Loss for the financial year		<u>(213,753)</u>	<u>(364,369)</u>

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £213,753 attributable to the shareholders for the year ended 31 December 2004 (2003 - loss of £364,369).



Balance sheet

at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	9	2,278,520	2,341,882
Investments	10	82,501	330,002
		<u>2,361,021</u>	<u>2,671,884</u>
Current assets			
Stocks	11	4,495,325	4,798,913
Debtors	12	2,997,080	4,108,542
Cash in hand		20,862	682
		<u>7,513,267</u>	<u>8,908,137</u>
Creditors: amounts falling due within one year	13	7,565,154	8,493,037
Net current (liabilities)/assets		<u>(51,887)</u>	<u>415,100</u>
Total assets less current liabilities		<u>2,309,134</u>	<u>3,086,984</u>
Creditors: amounts falling due after more than one year	14	–	568,904
Accruals and deferred income			
Deferred government grants	15	68,878	64,071
		<u>2,240,256</u>	<u>2,454,009</u>
Capital and reserves			
Called up share capital	18	6,408,000	6,408,000
Share premium account	19	627,661	627,661
Profit and loss account	19	(4,795,405)	(4,581,652)
Equity shareholders' funds	19	<u>2,240,256</u>	<u>2,454,009</u>


G J Flint
Director

5 December 2005

Notes to the financial statements

at 31 December 2004

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards.

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related parties transactions

The company is a wholly owned subsidiary of Bulbs & Flowers International B.V., the consolidated accounts of which are publicly available.

Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the group.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	2% straight line
Plant & Machinery	-	10 - 25% straight line
Motor Vehicles	-	20 - 25% straight line
Office equipment	-	20 - 25% straight line

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

Government grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Notes to the financial statements

at 31 December 2004

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution scheme and makes payments into certain personal pension schemes. The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, including estimates in respect of amounts not invoiced.

Turnover is attributable to one continuing activity, the production and supply of cut flowers, household plants and garden bulbs for retail supermarkets.

An analysis of turnover by geographical market is given below:

	2004 £	2003 £
United Kingdom	28,753,534	32,840,535
Rest of European Union	2,478,410	1,323,022
Rest of world	235,923	239,531
	<u>31,467,867</u>	<u>34,403,088</u>

Notes to the financial statements

at 31 December 2004

3. Operating profit/(loss)

This is stated after charging/(crediting):

	2004 £	2003 £
Auditors' remuneration - audit services	17,032	13,000
- non-audit services	5,250	6,000
Depreciation of owned fixed assets	343,857	301,658
Profit on disposal of fixed assets	-	(9,582)
Operating lease rentals - land and buildings	361,658	353,839
- plant and machinery	380,160	471,741
Net (profit)/loss on foreign currency translation	(69,229)	389,739

4. Staff costs

	2004 £	2003 £
Wages and salaries	3,390,745	3,882,200
Social security costs	318,301	350,184
Other pension costs	6,348	24,510
	3,715,394	4,256,894

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

	2004 No.	2003 No.
Production staff	171	189
Administrative staff	44	47
	215	236

5. Directors' emoluments

	2004 £	2003 £
Emoluments	230,753	495,498
Value of company pension contributions to company and personal pension schemes	23,982	24,510

	2004 No.	2003 No.
Members of money purchase pension schemes	3	1

The amounts in respect of the highest paid director are as follows:

	2004 £	2003 £
Emoluments	84,850	130,312

Notes to the financial statements

at 31 December 2004

6. Exceptional charge

	2004 £	2003 £
Provision against investment in group company (note 10)	(247,501)	-
Provision against amount owed by group company	(165,499)	-
	<u>(413,000)</u>	<u>-</u>

7. Interest payable and similar charges

	2004 £	2003 £
Bank interest payable	211,926	173,235
Interest on other loans	45,622	39,468
	<u>257,548</u>	<u>212,703</u>

8. Tax on loss on ordinary activities

(a) The tax charge/(credit) is made up as follows:

	2004 £	2003 £
<i>Current tax:</i>		
Corporation tax	-	-
Tax under provided in previous years	81,000	-
Total current tax (note 8(b))	<u>81,000</u>	<u>-</u>

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%). The differences are reconciled below:

	2004 £	2003 £
Loss on ordinary activities before taxation	<u>(132,753)</u>	<u>(364,369)</u>
Profit/(loss) on ordinary activities multiplied by rate of tax	(39,826)	(109,311)
Disallowed expenses and non-taxable income	143,979	15,756
Depreciation in excess of capital allowances	13,336	12,035
Utilisation of tax losses	(117,489)	81,520
Adjustment in respect of previous periods	81,000	-
Total current tax (note 8(a))	<u>81,000</u>	<u>-</u>

(c) Factors that may affect future tax charges

During the year ended 31 December 2002 the company disposed of some freehold land and buildings. A provision of £81,000 has been made for taxation arising on the disposal. The company intends to rollover the balance of the chargeable gain arising into replacement assets. The balance of tax not provided is £292,800.

The company has tax losses of approximately £225,240 (2003: £330,000) that are available indefinitely for offset against future profits.

Notes to the financial statements

at 31 December 2004

8. Tax on loss on ordinary activities (continued)

(d) Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows:

	2004 £	2003 £
Depreciation in advance of capital allowances	(54,171)	(32,607)
Tax losses available	(225,240)	(330,000)
Other timing differences	274,648	373,800
	<u>(4,763)</u>	<u>11,193</u>

9. Tangible fixed assets

	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Office equipment £	Total £
Cost:					
At 1 January 2004	1,831,345	1,802,926	7,530	199,209	3,841,010
Additions	4,153	250,711	—	25,631	280,495
At 31 December 2004	<u>1,835,498</u>	<u>2,053,637</u>	<u>7,530</u>	<u>224,840</u>	<u>4,121,505</u>
Depreciation:					
At 1 January 2004	228,438	1,123,756	7,530	139,404	1,499,128
Provided during the year	57,619	248,410	—	37,828	343,857
At 31 December 2004	<u>286,057</u>	<u>1,372,166</u>	<u>7,530</u>	<u>177,232</u>	<u>1,842,985</u>
Net book value:					
At 31 December 2004	<u>1,549,441</u>	<u>681,471</u>	<u>—</u>	<u>47,608</u>	<u>2,278,520</u>
At 1 January 2004	<u>1,602,907</u>	<u>679,170</u>	<u>—</u>	<u>59,805</u>	<u>2,341,882</u>

Notes to the financial statements

at 31 December 2004

10. Investments

	<i>Shares in group companies brought forward £</i>
Cost:	
At 1 January 2004 and 31 December 2004	330,002
Amounts provided:	
Provided during the year (see note 6)	247,501
At 31 December 2004	247,501
Net book value:	
At 31 December 2004	82,501
Net book value:	
At 1 January 2004	330,002

The company owns 100% of the issued share capital of the companies listed below.

<u>Name of company</u>	<u>Holding</u>	<u>Nature of business</u>
Winchester Bulb Growers Limited	Ordinary shares	Non-trading
Van Dam Export B.V.	Ordinary shares	Non-trading

The results for the year for each of the companies were:

	<i>2004 £</i>	<i>2003 £</i>
Aggregate capital and reserves		
Winchester Bulb Growers Limited	£355,479	£306,495
Van Dam Export B.V.	(£607,626)	(£600,751)
Profit and (loss) for the year		
Winchester Bulb Growers Limited	£48,984	(£42,001)
Van Dam Export B.V.	(£16,505)	(£705,910)

11. Stocks

	<i>2004 £</i>	<i>2003 £</i>
Raw materials and consumables stores	4,495,325	4,798,913

12. Debtors

	<i>2004 £</i>	<i>2003 £</i>
Trade debtors	2,425,357	3,455,561
Amounts owed by group undertakings	100,631	227,444
Other debtors	-	16,718
Prepayments and accrued income	471,092	408,819
	2,997,080	4,108,542

Notes to the financial statements

at 31 December 2004

13. Creditors: amounts falling due within one year

	2004 £	2003 £
Current instalment due on bank loan	3,850,526	4,301,984
Trade creditors	2,258,024	2,513,480
Amounts owed to group undertakings	427,286	776,244
Corporation tax	81,000	—
Other taxation and social security	223,912	590,212
Other creditors	94,375	64,493
Accruals and deferred income	630,031	246,624
	<u>7,565,154</u>	<u>8,493,037</u>

The bank overdraft is secured by a fixed and floating charge over all of the company's assets.

14. Creditors: amounts falling due after more than one year

	2004 £	2003 £
Loans	<u>—</u>	<u>568,904</u>

15. Accruals and deferred income

	<i>Deferred government grants</i>	
	2004 £	2003 £
Balance as at 1 January	64,071	82,489
Received during the year	14,273	48,716
Repaid during the year	(9,466)	(67,134)
Balance as at 31 December	<u>68,878</u>	<u>64,071</u>

Included in deferred government grants is an amount of £62,489 (2003: £46,359) falling due in more than one year.

16. Commitments under operating leases

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

	2004		2003	
	<i>Land and buildings</i> £	<i>Other</i> £	<i>Land and buildings</i> £	<i>Other</i> £
Operating leases which expire:				
Within one year	64,576	194,198	—	235,464
In two to five years	169,968	127,454	95,000	203,278
	<u>234,544</u>	<u>321,652</u>	<u>95,000</u>	<u>438,742</u>

Notes to the financial statements

at 31 December 2004

17. Contingent liability

On 14 May 1997 the company entered into a 21 year lease for the site at Lacey Nursery in Pinchbeck. The company was granted an option to purchase the freehold of this site for £400,000 grossed up by the lower of 3% per annum and the increase in RPI. This option commenced on 14 May 2012 and was due to expire at the end of the lease period. The landlord was granted an option to sell to the company the freehold for £400,000 grossed up by the lower of 3% per annum and the increase in RPI on the expiry of the lease on 13 May 2018.

During 2005 the company has exercised its option to purchase the freehold of this site for a consideration of £770,000.

18. Share capital

	2004		2003	
	£		£	
Ordinary shares of £1 each	10,000,000		10,000,000	
	Allotted, called up and fully paid			
	2004		2003	
	No.	£	No.	£
Ordinary shares of £1 each	6,408,000	6,408,000	6,408,000	6,408,000

19. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£	£	£	£
At 1 January 2003	6,408,000	627,661	(4,217,283)	2,818,378
Loss for the year	-	-	(364,369)	(364,369)
At 31 December 2003	6,408,000	627,661	(4,581,652)	2,454,009
Loss for the year	-	-	(213,753)	(213,753)
At 31 December 2004	6,408,000	627,661	(4,795,405)	2,240,256

20. Ultimate parent company and controlling related party

The directors consider the ultimate parent undertaking of this company is De Weide Blik NV, a company incorporated in Belgium.

Bulbs & Flowers International B.V., a company incorporated in the Netherlands, is the company's controlling party by virtue of 100% ownership of shares in the company. The ultimate controlling party is De Weide Blik NV as a result of its controlling interest in Bulbs & Flowers International B.V.

The smallest group of undertakings for which group accounts have been drawn up is that headed by Bulbs & Flowers International B.V. which is incorporated in the Netherlands. The largest group of undertakings for which group accounts have been drawn up is that headed by De Weide Blik NV which is incorporated in Belgium.