

## Regulatory Story

<b>Company</b>	Blavod Wines & Spirits plc
<b>TIDM</b>	BES
<b>Headline</b>	Trading Update
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Blavod Wines & Spirits PLC ('the Company')

22 July 2011

### Trading Update

The Company announces that in its traditionally weak first quarter (to June 30th 2011), sales and losses were slightly below the Board's expectations.

The Board periodically revises its forecasts. As a result of its latest review for the current year ending 31st March 2012, it now expects the Company to fall short of market expectations for the period. Although only 3 months of the financial year have elapsed, principally for the reasons outlined below, the Board expects the Company not to achieve break even in the year to March 2012.

The major reasons for this expectation are:

A delay in achieving significant re-listings in a major UK retailer. However since the quarter end negotiations with the retailer have concluded successfully for the second half. This will lead to an increase in monthly profitability in the second half of the year coupled with an increase in working capital requirements.

Delayed introduction of new third party brands to the portfolio, although these discussions are still progressing positively.

Accelerated increase in the profitability of Blackwood's Gin and Diva Vodka brands resulting in a higher earn out payable prior to completion of the final purchase of Diva in May 2012 and Blackwood's in May 2015.

### Financing

As a result of this expected shortfall, and the likely working capital requirements of the re-listings, the Company is likely to need to introduce extra capital to the business. The Board is currently exploring ways in which this can be achieved.

### Outlook

Whilst this setback is disappointing in the short term, the longer term profit flow resulting from the re-listings and the continued growth of our own brands is expected to come through in the second half of this year and onwards.

Don Goulding

## Chairman

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