

Company Registration No. 283393 (England and Wales)

COMPANIES HOUSE COPY

SHAW WALLACE OVERSEAS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997



**Hacker
Young**
Chartered Accountants

St. Alphage House 2 Fore Street London EC2Y 5DH

SHAW WALLACE OVERSEAS LIMITED

COMPANY INFORMATION

Directors	M R Chhabria R Jain D Srinivasan (Appointed 19 May 1997)
Secretary	AI Company Services Limited
Company number	283393
Registered office	St Alphage House 2 Fore Street London EC2Y 5DH
Auditors	Hacker Young St Alphage House 2 Fore Street London EC2Y 5DH
Business address	Foster House Maxwell Road Borehamwood HERTS WD6 1JH
Bankers	Barclays Bank Plc 72 Fenchurch Street London EC3P 3EH
Solicitors	Pinsent & Co 3 Colmore Circus Birmingham B4 6BH

SHAW WALLACE OVERSEAS LIMITED

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SHAW WALLACE OVERSEAS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1997

The directors present their report and financial statements for the year ended 31 March 1997.

Principal activities and review of the business

The principal activity of the company was that of marketing alcoholic beverages.

As a result of the close association with the company's previous primary UK supplier, Ushers of Trowbridge Plc ("Ushers"), a joint venture company was formed (USW Limited) to capitalise on the benefits of having a strong UK Brewery as a partner.

The joint venture with a 50/50 share holding between the company and Ushers was signed on 2 October 1995 with an issued share capital of £1.25 million, the Lal Toofan brand and know-how being valued at £1 million.

Ushers is an independent and highly successful Regional Brewery originally formed in 1824 and currently owning a large number of public houses. The infrastructure of the brewery and its technical, financial and retail sales back up will be highly beneficial to ensure future development of the brand.

The company is keen to ensure that it continues to operate and it has been considering brewing related opportunities with a view to reviving the trade.

Results and dividends

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

Directors

The following directors have held office since 1 April 1996:

M R Chhabria	
P L Narasimhan	(Resigned June 1997)
R Jain	
S Walawalkar	(Resigned 28 August 1996)
D Srinivasan	(Appointed 19 May 1997)
A S Harmer	(Appointed 17 February 1997 and resigned 13 April 1997)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 March 1997	1 April 1996
M R Chhabria	-	-
P L Narasimhan	-	-
R Jain	-	-
A S Harmer	-	-

Auditors

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

SHAW WALLACE OVERSEAS LIMITED

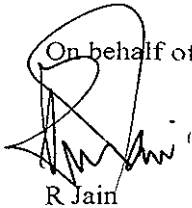
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1997

Directors' responsibilities

Directors are required by the Companies Act 1985 to prepare accounts for each financial year which 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 for that period. It is also the directors' responsibility to maintain adequate accounting records, safeguard the assets of the company and take reasonable steps in preventing and detecting fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts on a going concern basis.

On behalf of the board



R Jain

Director

5 March 1999



D Srinivasan
Director



Chartered Accountants

St. Alphage House
2 Fore Street
London EC2Y 5DH

SHAW WALLACE OVERSEAS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF SHAW WALLACE OVERSEAS LIMITED

We have audited the financial statements on pages 4 to 13. These have been prepared in accordance with the basis and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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.

In forming our opinion, we have considered the adequacy of the disclosures set out in note 9 to the financial statements concerning the valuation of the company's investment in USW Limited, the company's principal asset. The value of this investment is dependent on the extent of the future success of USW Limited in selling 'Lal Toofan' beer. Although we consider that this matter should be brought to your attention, our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Also in our opinion the company is entitled, for the year ended 31 March 1997, to the requirement conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

Hacker Young
Hacker Young

5 March 1999

Chartered Accountants
Registered Auditor

SHAW WALLACE OVERSEAS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £	1996 £
Turnover	2		
Continuing operations		-	-
Discontinued activities		-	549,478
		<hr/>	<hr/>
		-	549,478
Cost of sales		-	(393,832)
		<hr/>	<hr/>
Gross (loss)/profit		-	155,646
Distribution costs		(348)	(81,092)
Administrative expenses		(23,390)	(217,619)
		<hr/>	<hr/>
Operating loss	4		
Continuing operations		(2,846)	-
Discontinued activities		(20,892)	(143,065)
		<hr/>	<hr/>
		(23,738)	(143,065)
Profit on disposal of discontinued operations arising from the sale of brand and related assets.	4	-	916,117
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before interest		(23,738)	773,052
Investment income	5	-	228
Other interest receivable and similar income	5	-	14
Amounts written off investments	6	(2,256)	-
Interest payable and similar charges	7	(6,112)	(19,457)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(32,106)	753,837
Tax on (loss)/profit on ordinary activities	8	893	(58,493)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation	15	(31,213)	695,344
		<hr/>	<hr/>

SHAW WALLACE OVERSEAS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 1997


	1997 £	1996 £
(Loss)/profit for the financial year	(31,213)	695,344
Unrealised deficit on trade investment	-	(1,500)
Total recognised gains and losses relating to the year	(31,213)	693,844


SHAW WALLACE OVERSEAS LIMITED

BALANCE SHEET AS AT 31 MARCH 1997

	Notes	1997 £	£	1996 £	£
Fixed assets					
Investments	9		629,400		631,656
Current assets					
Debtors	10	191,175		276,797	
Cash at bank and in hand		16,649		967	
		<u>207,824</u>		<u>277,764</u>	
Creditors: amounts falling due within one year	11	<u>(111,106)</u>		<u>(188,696)</u>	
Net current assets			96,718		89,068
Total assets less current liabilities			<u>726,118</u>		<u>720,724</u>
Creditors: amounts falling due after more than one year	12		<u>(115,995)</u>		<u>(79,388)</u>
			<u>610,123</u>		<u>641,336</u>
Capital and reserves					
Called up share capital	14		357,745		357,745
Revaluation reserve	15		2,424		4,680
Profit and loss account	15		249,954		278,911
Shareholders' funds - equity interests	16		<u>610,123</u>		<u>641,336</u>

The financial statements were approved by the Board on 7 March 1999


R Jain
Director


D Srinivasan
Director

SHAW WALLACE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

1 Accounting policies

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention modified to include the revaluation of fixed asset investments.

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 small company.

1.2 Turnover

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

1.3 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets 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:

Plant and machinery	over 15 years
Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.6 Investments

Fixed asset investments traded on a recognised Exchange are stated at market value. All other fixed asset investments are stated at cost. A provision is made only for a permanent diminution in value.

1.7 Pensions

Payments to the company's defined contribution pension scheme are charged to the profit and loss account as they become payable.

SHAW WALLACE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 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.

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Turnover

Geographical market

	Turnover	
	1997	1996
	£	£
United Kingdom	-	542,162
Europe	-	7,316
	-	549,478

3 Cost of sales and net operating expenses

	1997			1996		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
	£	£	£	£	£	£
Cost of sales	-	-	-	-	393,832	393,832
Distribution costs	-	348	348	-	81,092	81,092
Administrative expenses	2,846	20,544	23,390	-	217,619	217,619
	2,846	20,892	23,738	-	692,543	692,543

SHAW WALLACE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

4	Operating loss	1997	1996
		£	£
	Operating loss is stated after charging:		
	Amortisation of intangible assets	-	7,905
	Depreciation of tangible assets	-	2,431
	Research and development	-	4,144
	Operating lease rentals	-	19,129
	Auditors' remuneration	2,000	3,500
		<u> </u>	<u> </u>
5	Income from investments, other interest receivable and similar income	1997	1996
		£	£
	Income from unlisted investments	-	228
	Bank interest	-	14
		<u> </u>	<u> </u>
		-	242
		<u> </u>	<u> </u>
6	Amounts written off investments	1997	1996
		£	£
	Amounts written off fixed asset investments:		
	- diminution in value	2,256	-
		<u> </u>	<u> </u>
7	Interest payable	1997	1996
		£	£
	On bank loans and overdrafts	776	18,691
	Hire purchase interest	-	766
	On overdue tax	5,336	-
		<u> </u>	<u> </u>
		6,112	19,457
		<u> </u>	<u> </u>
8	Taxation	1997	1996
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 31% (1996 - 33%)	-	58,493
	Prior years		
	U.K. Corporation tax	(803)	-
		<u> </u>	<u> </u>
		(803)	58,493
		<u> </u>	<u> </u>

SHAW WALLACE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

9 Fixed asset investments

	Listed investments £	Shares in participating interests £	Shares in subsidiary undertaking £	Total £
Cost or valuation				
At 1 April 1996 & at 31 March 1997	7,156	625,000	1,000	633,156
Provisions for diminution in value				
At 1 April 1996	1,500	-	-	1,500
Provision made in the year	2,256	-	-	2,256
At 31 March 1997	3,756	-	-	3,756
Net book value				
At 31 March 1997	3,400	625,000	1,000	629,400
At 31 March 1996	5,656	625,000	1,000	631,656

In the opinion of the directors, the aggregate value of the company's investment in the subsidiary undertaking is not less than the amount included in the balance sheet.

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 undertaking			
Kingfisher Breweries Plc (a dormant company)	England	Ordinary	100
Participating interests			
USW Limited	England	Ordinary	50

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	Loss for the year
Kingfisher Breweries Plc	-	-
USW Limited	785,000	(266,000)

SHAW WALLACE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

(i) The company owns 625,000 ordinary shares of £1 each in USW Limited, a Joint Venture company, incorporated in the United Kingdom.

Consequent to the arrangements described in the directors' report, the company's business has been substantially transferred to USW Limited. The carrying value of the company's investment is therefore dependent upon the expected commercial success of the 'Lal Toofan' brand in the UK and other markets overseas.

The marketing of the brand is still at an early stage and directors remain confident that substantial sales of beer will be achieved in due course having regard to the opportunities available through co-operation with Ushers and other marketing activities. The financial information shown above for USW Limited is based on the accounts to 30 October 1997 which have yet to be adopted by the shareholders. Capital and reserves comprised of share capital of £1,250,000 less accumulated losses of £465,000.

(ii) Listed investments comprise 15,187 ordinary shares of Rs.10 each in Shaw Wallace & Hedges Limited a group company, incorporated in Sri Lanka.

10 Debtors	1997 £	1996 £
Trade debtors	-	75,517
Amounts owed by undertaking in which the company has a participating interest	191,042	194,005
Other debtors	133	7,275
	<u>191,175</u>	<u>276,797</u>
11 Creditors: amounts falling due within one year	1997 £	1996 £
Bank loans and overdrafts	-	17,312
Trade creditors	6,794	14,972
Amounts owed to parent and fellow subsidiary undertakings	34,099	76,417
Corporation tax	60,163	58,493
Other creditors	-	83
Accruals and deferred income	10,050	21,419
	<u>111,106</u>	<u>188,696</u>

The bank overdraft is secured by floating charges over the assets of the company.

SHAW WALLACE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

12 Creditors: amounts falling due after more than one year	1997	1996
	£	£
Amounts owed to parent and fellow subsidiary undertakings	115,995	79,388
	<u> </u>	<u> </u>
13 Pension costs		
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. The pension cost charge represents contributions payable by the company to the fund and amounted to £Nil (1996 - £5,571).		
14 Share capital	1997	1996
	£	£
Authorised		
500,000 Ordinary shares of £1 each	500,000	500,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
357,745 Ordinary shares of £1 each	357,745	357,745
	<u> </u>	<u> </u>
15 Statement of movements on reserves		
	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 April 1996	4,680	278,911
Retained loss for the year	-	(31,213)
Transfer - provision for diminution in value of investment	(2,256)	2,256
	<u> </u>	<u> </u>
Balance at 31 March 1997	2,424	249,954
	<u> </u>	<u> </u>
16 Reconciliation of movements in shareholders' funds	1997	1996
	£	£
(Loss)/Profit for the financial year	(31,213)	695,344
Other recognised gains and losses	-	(1,500)
	<u> </u>	<u> </u>
Net (depletion in)/addition to shareholders' funds	(31,213)	693,844
Opening shareholders' funds	641,336	(52,508)
	<u> </u>	<u> </u>
Closing shareholders' funds	610,123	641,336
	<u> </u>	<u> </u>

SHAW WALLACE OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

17 Directors' emoluments	1997 £	1996 £
Emoluments for qualifying services	-	27,500
Company pension contributions to money purchase schemes	-	2,337
	-	29,837

18 Employees

Number of employees

There were no employees during the year apart from the directors.

Employment costs	1997 £	1996 £
Wages and salaries	-	67,971
Social security costs	1,196	8,780
Other pension costs	-	5,571
	1,196	82,322

19 Control

The immediate parent company is Shaw Wallace & Company Limited, a company incorporated in India.