

THE AMALGAMATED TEA ESTATES COMPANY LIMITED

REPORT AND ACCOUNTS 1997



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COMPANY INFORMATION

DIRECTORS

R.J.K. Muir (Chairman)
P.G. Lockett, C.A.
D.J. Gilmour

SECRETARIES AND REGISTERED OFFICE

James Finlay P.L.C.
Finlay House
10/14 West Nile Street
Glasgow G1 2PP

AUDITORS

Ernst & Young

BANKERS

ANZ Grindlays Bank plc

Registered in Scotland No. 3267

DIRECTORS' REPORT

The Directors submit their Report and Accounts for the year ended 31 December 1997.

RESULTS

The profit and loss account for the year shows a loss on ordinary activities after taxation of £1,913 which has been transferred from reserves.

The Directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The Company is currently finalising its affairs in India and it is expected that these matters will be concluded in 1998.

DIRECTORS

The Directors at any time during the year ended 31 December 1997 were as shown on page 2.

DIRECTORS' INTERESTS

No Director at the end of the year had any beneficial interest in the capital of the Company at any time during the year. The undernoted Director who was not also a director of the Company's parent company, James Finlay P.L.C., had an interest in that company as follows:

Ordinary Stock Units of 25p		31.12.97	1.1.97
D.J. Gilmour		16,647	16,468
Options over		Changes during the year	
Ordinary Stock Units of 25p	31.12.97	Granted	1.1.97
D.J. Gilmour	73,555	3,319	70,236

The options outstanding are exercisable at prices between 47p and 106p per stock unit before 29 May 2005.

The above Director had no beneficial interest in the capital of any other Group company.

The Register of Directors' interests will be available for inspection at the Annual General Meeting.

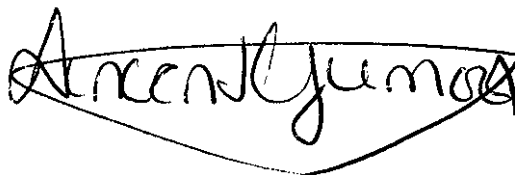
DIRECTORS' REPORT (continued)

AUDITORS

A resolution to re-appoint Ernst & Young as Auditors of the Company will be put to the members at the Annual General Meeting.

By Order of the Board,

James Finlay P.L.C.
Secretaries

A handwritten signature in black ink, enclosed within a hand-drawn diamond-shaped border. The signature appears to be 'James Finlay'.

Glasgow, 17 April 1998

THE AMALGAMATED TEA ESTATES COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts 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 accounts, 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 accounts;

prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that the accounts comply with the above requirements.

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 accounts 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.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
The Amalgamated Tea Estates Company Limited**

We have audited the accounts on pages 7 to 11 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of Directors and auditors

As described on page 5 the Company's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

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

Ernst & Young
Ernst & Young
Chartered Accountants
Registered Auditor

Glasgow, 17 April 1998

PROFIT AND LOSS ACCOUNT
for year ended 31 December 1997

		1997	1996
	Note	£	£
Operating expenses	1	1,771	3,029
Exchange loss		240	433
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(2,011)	(3,462)
Taxation	4	98	371
		<hr/>	<hr/>
Loss on ordinary activities after taxation transferred from reserves		(1,913)	(3,091)
		<hr/>	<hr/>

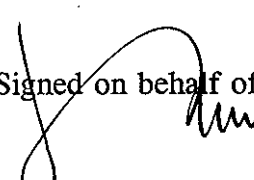
There are no differences between results based on historic costs and those recorded above and there are no recognised gains or losses other than the results for the year.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Loss attributable to shareholders	(1,913)	(3,091)
Balance of shareholders' funds at 1 January	1,337,892	1,340,983
	<hr/>	<hr/>
Balance of shareholders' funds at 31 December	1,335,979	1,337,892
	<hr/>	<hr/>

BALANCE SHEET
 at 31 December 1997

		1997	1996
	Note	£	£
CURRENT ASSETS			
Debtors	5	1,335,792	1,338,023
Cash at bank		583	630
		<u>1,336,375</u>	<u>1,338,653</u>
CREDITORS: Amounts falling due within one year			
	6	396	761
NET CURRENT ASSETS		<u>1,335,979</u>	<u>1,337,892</u>
CAPITAL AND RESERVES			
Called up share capital	7	1,376,700	1,376,700
Other reserves		1,884,125	1,884,125
Profit and loss account	8	(1,924,846)	(1,922,933)
SHAREHOLDERS' FUNDS - EQUITY		<u>1,335,979</u>	<u>1,337,892</u>


 Signed on behalf of the Board

R.J.K. Muir

Director

ACCOUNTING POLICIES AND NOTES ON THE ACCOUNTS

ACCOUNTING POLICIES

- a) **Accounting Convention**
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.
- b) **Exchange**
Current assets and current liabilities in India and transactions of a revenue nature have been translated into sterling at the year end rate of Rs 64.90 (1996 - Rs 60.69) to £1.
Exchange differences are charged or credited in the profit and loss account before taxation.
- c) **Basis of Accounts**
The Company has taken advantage of the exemption in paragraph 3 (c) of Financial Reporting Standard 8 from disclosing transactions with related parties that are part of the James Finlay P.L.C. Group or investees of the Group.

NOTES ON THE ACCOUNTS

1. OPERATING EXPENSES	1997	1996
	£	£
Administrative expenses	50	1,030
Audit fee	262	560
Pensions	1,459	1,439
	<u>1,771</u>	<u>3,029</u>

Pensioners are paid from cash resources in India. The pensions are unfunded.

2. EMPLOYEES

The Company had no employees at any time during the year.

3. DIRECTORS

No Director received any remuneration from the Company during the year (1996 - Nil).
There were no disclosable contracts with Directors existing during the year.

4. TAXATION	1997	1996
	£	£
Taxation based on loss for the year:		
United Kingdom corporation tax at 31.5% (1996 - 33%)		
- group relief	98	525
Adjustments relating to earlier years:		
overseas tax	-	(154)
	<u>98</u>	<u>371</u>

NOTES ON THE ACCOUNTS (continued)

5.	DEBTORS	1997	1996
		£	£
	Amounts falling due within one year		
	Amount owed by James Finlay P.L.C.	1,335,694	1,337,388
	Group relief receivable	98	525
	Other debtors	-	110
		<u>1,335,792</u>	<u>1,338,023</u>
6.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
		1997	1996
		£	£
	Other creditors	134	201
	Accruals	262	560
		<u>396</u>	<u>761</u>
7.	SHARE CAPITAL	1997	1996
		£	£
	Authorised		
	1,376,700 Ordinary Stock Units of £1	1,376,700	1,376,700
	12,330 Ordinary Shares of £10 each	123,300	123,300
		<u>1,500,000</u>	<u>1,500,000</u>
	Called up Share Capital		
	Allotted, Issued and Fully Paid		
	1,376,700 Ordinary Stock Units of £1	1,376,700	1,376,700
8.	PROFIT AND LOSS ACCOUNT	1997	1996
		£	£
	At 1 January	(1,922,933)	(1,919,842)
	Loss for year	(1,913)	(3,091)
		<u>(1,924,846)</u>	<u>(1,922,933)</u>
	At 31 December		

NOTES ON THE ACCOUNTS (continued)

9. PARENT COMPANY

The Company's parent company is James Finlay P.L.C. which is registered in Scotland.

The accounts of the Company are consolidated within the Group Accounts of James Finlay P.L.C. and copies of these Group Accounts are available from The Secretary, James Finlay P.L.C., Finlay House, 10-14 West Nile Street, Glasgow G1 2PP.

10. DATE OF APPROVAL

These accounts were approved by the Board on 17 April 1998.