

C. & J. CLARK OVERSEAS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 JANUARY 1999

Registration No: 925436



C. & J. CLARK OVERSEAS LIMITED**DIRECTORS' REPORT**

The directors present their annual report together with the audited financial statements for the year ended 31 January 1999.

PRINCIPAL ACTIVITIES

The trading results for the year are set out on pages 5 to 12.

The company is the holding company of various overseas subsidiaries within the C. & J. Clark Group. The principal overseas subsidiaries are listed in note 5 to the financial statements.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company has continued its activity as a holding company.

DIVIDENDS PAID AND PROPOSED

The directors do not propose the payment of a dividend (1998: £Nil).

DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the year were:

M. McMenemy
J. E. Derbyshire

No director has an interest in the shares of the company.

Mr M. McMenemy is a director of C. & J. Clark Limited, the company's ultimate holding company, and his interests in the share capital of C. & J. Clark Limited are shown in that company's accounts.

The interests of the other director and her family in the share capital of C. & J. Clark Limited are as follows :-

	Ordinary Shares of £1 each	
	<u>At 31 January 1999</u>	<u>At 31 January 1998</u>
J. E. Derbyshire	167,952	289,011

C. & J. CLARK OVERSEAS LIMITED

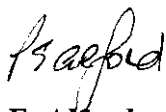
DIRECTORS' REPORT

The requirements of the Companies Act, 1985, results in the inclusion, as part of each of the directors' holdings of nil (1998 : 121,059) Ordinary Shares which the Trustee of the C. & J. Clark Executive Share Trust holds. No director had any entitlement to receive shares from the Trust.

CLOSE COMPANY PROVISIONS

The company is a close company under the provisions of the Income and Corporation Taxes Act 1988.

By order of the Board,



P. E. Afford
Company Secretary

40 High Street,
STREET,
Somerset
BA16 0YA

Date 28 July 1999

C. & J. CLARK OVERSEAS LIMITED

STATEMENT OF 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 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
C. & J. CLARK OVERSEAS LIMITED**

We have audited the financial statements on pages 5 to 12.

Respective responsibilities of directors and auditors

As described on page 3, 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 of 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 1999 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Date: 28 JUL 1999

KPMG
Chartered Accountants & Registered Auditors
Bristol

C. & J. CLARK OVERSEAS LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 January 1999**

	Notes	<u>1999</u>	<u>1998</u>
		£	£
Operating (loss)/profit		(378)	44,129
Net income/(expense) from other activities		1,749,272	(206,095)
Provisions against investments and intergroup loans		(3,854,243)	(1,832,593)
Intergroup loan forgiven		6,561,314	-
Reinstatement of intergroup loan		-	2,801,935
Profit on ordinary activities before taxation	2	<u>4,455,965</u>	<u>807,376</u>
Tax on profit on ordinary activities	4	<u>(14,195)</u>	<u>(68,574)</u>
Profit after taxation		<u>4,441,770</u>	<u>738,802</u>
Dividends paid and proposed		-	-
Retained profit for the year		<u><u>4,441,770</u></u>	<u><u>738,802</u></u>

STATEMENT OF RETAINED PROFITS

Retained profits at 1 February	1,674,563	935,761
Retained profit for the year	<u>4,441,770</u>	<u>738,802</u>
Retained profits at 31 January	<u><u>6,116,333</u></u>	<u><u>1,674,563</u></u>


The notes on pages 8 to 12 form part of these financial statements.

C. & J. CLARK OVERSEAS LIMITED

BALANCE SHEET
As at 31 January 1999

	Notes	1999		1998	
		£	£	£	£
FIXED ASSETS					
Investments	5		2,423,207		5,480,720
CURRENT ASSETS					
Debtors	6	13,104,958		8,493,109	
CREDITORS: amounts falling due within one year	7	(9,411,830)		(5,737,950)	
NET CURRENT ASSETS			3,693,128		2,755,159
TOTAL ASSETS LESS CURRENT LIABILITIES			6,116,335		8,235,879
CREDITORS: amounts falling due after more than one year	8		-		(6,561,314)
NET ASSETS			6,116,335		1,674,565
CAPITAL AND RESERVES					
Called up share capital	10		2		2
Profit and loss account			6,116,333		1,674,563
SHAREHOLDERS' FUNDS			6,116,335		1,674,565

These accounts were approved by the Board of Directors on 28th July 1999


M. McMenemy

} Director
}

The notes on pages 8 to 12 form part of these financial statements.

C. & J. CLARK OVERSEAS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES**For the year ended 31 January 1999**

The company has no recognised gains or losses other than the retained profit for the year.

NOTE OF HISTORICAL COST PROFIT & LOSSES**For the year ended 31 January 1999**

There is no difference between results as disclosed in the profit and loss account and results as stated on an unmodified historical cost basis.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**For the year ended 31 January 1999**

	<u>1999</u>	<u>1998</u>
	£	£
Total profits recognised for the year	4,441,770	738,802
Dividends	-	-
Net increase in shareholders' funds	<u>4,441,770</u>	<u>738,802</u>
Opening shareholders' funds	1,674,565	935,763
Closing shareholders' funds	<u><u>6,116,335</u></u>	<u><u>1,674,565</u></u>

C. & J. CLARK OVERSEAS LIMITED**Notes to the accounts for the year ended 31 January 1999**

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in the company's financial statements :-

a) Basis of accounting

The financial statements have been prepared on an historical cost basis and in accordance with applicable accounting standards.

b) Investments in subsidiary undertakings

Investments in subsidiary companies are stated in the balance sheet at cost less any provisions for diminution in value.

c) Foreign Currency Translation

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses on group loans are included in the Profit and Loss Account.

d) Investment Income

Investment income is brought to account on a receivable basis.

e) Taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will eventually arise and provision is made at the rate which is expected to apply when such liability or asset is estimated to occur. Potential deferred tax in respect of which it is not probable that a liability or asset will eventually arise is shown separately. No provision is made for the potential tax which might arise on revalued investments if they were to be disposed of at the amounts included in the balance sheet.

f) Cash Flow Statement

The company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary.

C. & J. CLARK OVERSEAS LIMITED

Notes to the accounts for the year ended 31 January 1999

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1999</u>	<u>1998</u>
	£	£
Other operating (costs)/income	(378)	44,129
Interest paid	(226)	(116)
Interest received	25,344	244,944
Exchange gains/(losses)	3,999	(750,979)
Dividends received/receivable	1,720,155	300,056
Provisions against investments and intergroup loans	(3,854,243)	(1,832,593)
Intergroup loan forgiven	6,561,314	-
Reinstatement of intergroup loan	-	2,801,935
Profit before taxation	<u>4,455,965</u>	<u>807,376</u>

3. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments in respect of their services to the company (1998- £Nil).

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge arises on interest and dividends receivable from the company's subsidiary undertakings:-

	<u>1999</u>	<u>1998</u>
	£	£
UK Corporation Tax at 31% (1998-31%) on the profits for the year	46,019	184,574
Double taxation relief	(31,824)	(45,941)
	<u>14,195</u>	<u>138,633</u>
Overseas taxation	-	32,001
Over provision in previous years	-	(102,060)
	<u>14,195</u>	<u>68,574</u>

C. & J. CLARK OVERSEAS LIMITED**Notes to the accounts for the year ended 31 January 1999****5. FIXED ASSET INVESTMENTS**

The company's investments in subsidiaries are made up as follows :-

	<u>1999</u> £	<u>1998</u> £
Cost		
At 1 February	7,299,083	7,639,381
Additions	986,176	449,096
Disposals	(103,306)	-
Adjustment of intercompany indebtedness	(86,140)	(789,394)
At 31 January	8,095,813	7,299,083
Provisions		
At 1 February	1,818,363	762,850
Provided during the year	3,854,243	1,055,513
At 31 January	5,672,606	1,818,363
Net Book Value		
At 31 January	<u>2,423,207</u>	<u>5,480,720</u>

During the year the cost of the investment in Clarks Shoes Australia Limited was fully provided for.

The directors consider that to give full particulars of all subsidiary companies would lead to a statement of excessive length. The following subsidiaries are those principally contributing to the profits and assets of the C. & J. Clark Overseas Group. The companies listed are all wholly owned, incorporated overseas and engaged in the shoe trade.

<u>Description of shares held</u>	<u>Ordinary Shares</u>
Clarks Shoes Australia Limited	A\$1 each
Clarks Shoes Limited (of Australia)	A\$1 each
Claravon Limited (Australia)	A\$1 each
Clarks Shoes Limited (of New Zealand)	NZ\$1 each
C. & J. Clark - Fabrica de Calcado Limitada (Portugal)	ESC1 each
C. & J. Clark Canada Limited	C\$100 each
Clarks Shoes Vertriebs GmbH (Germany)	DM1 each
Clarks Shoes Benelux BV (Holland)	NLG1 each
Clarks Japan Company Limited	¥50,000 each

C. & J. CLARK OVERSEAS LIMITED**Notes to the accounts for the year ended 31 January 1999****5. FIXED ASSET INVESTMENTS cont**

Group accounts have not been prepared because the company is a wholly owned subsidiary of another body corporate, incorporated in Great Britain. The company is included in the consolidated accounts of C. & J. Clark Limited.

In the opinion of the directors the value of the assets consisting of shares in, and amounts owing from, the company's subsidiaries is not less than the amounts at which those assets are stated in the balance sheet.

The company's investment in Kingsfame Limited, a marketing company incorporated in Hong Kong, was liquidated during the year.

6. DEBTORS

	<u>1999</u>	<u>1998</u>
	£	£
Amounts owed by group undertakings	13,882,038	9,270,189
Provisions	(777,080)	(777,080)
	<u>13,104,958</u>	<u>8,493,109</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1999</u>	<u>1998</u>
	£	£
Amounts owed to group undertakings	9,384,435	5,586,359
Current taxation	27,395	151,591
	<u>9,411,830</u>	<u>5,737,950</u>

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1999</u>	<u>1998</u>
	£	£
Amount owed to parent undertaking	<u>-</u>	<u>6,561,314</u>

The interest free loan from C. & J. Clark (Holdings) Limited was forgiven during the year.

C. & J. CLARK OVERSEAS LIMITED**Notes to the accounts for the year ended 31 January 1999****9. DEFERRED TAXATION**

There is no deferred taxation creditor.

No provision has been made for a tax liability which would arise if the retained profits of overseas subsidiaries were distributed as dividends. No provision has been made for any tax liability which would arise if the investments in subsidiary companies were sold at their book values.

10. CALLED UP SHARE CAPITAL

	1999	1998
	£	£
Authorised 100 Ordinary Shares of £1 each	100	100
	<u>2</u>	<u>2</u>
Issued, allotted and fully paid Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

11. EMPLOYEES

The company has no employees (1998 : nil).

12. COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments or contingent liabilities at the year end (1998 - £nil).

13. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of C. & J. Clark (Holdings) Limited, a company registered in England.

The group in which the results of the company are consolidated is that headed by C. & J. Clark Limited. The consolidated accounts of the group are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.