

LIQUIDITY INC

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

March 31, 2016

LIQUIDITY INC

Balance Sheet as at March 31, 2016

	Note No	As at 31-03-2016 USD	As at 31-03-2015 USD
I. Equity and Liabilities			
I. Shareholders' Funds			
a. Share Capital	2.1	784	784
b. Reserves and Surplus	2.2	(3,984,197)	(3,460,850)
2. Non-current Liabilities			
a. Long term borrowings	2.3	2,357,500	2,314,000
3. Current Liabilities			
a. Trade Payables	2.4	51,130	56,235
b. Other Current Liabilities	2.5	1,575,707	1,382,587
		<u>924</u>	<u>292,756</u>
II. Assets			
I. Non-current Assets			
a. Fixed Assets			
i. Tangible Assets	2.6	-	-
ii. Intangible Assets	2.6	-	244,338
2. Current Assets			
a. Trade Receivables	2.7	-	47,262
b. Cash and Cash Equivalents	2.8	924	1,156
		<u>924</u>	<u>292,756</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1 and 2

This is the Balance Sheet referred to in our report of even date

For Vishnu Ram & Co.,
Chartered Accountants

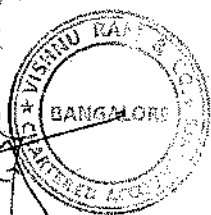
(S. Vishnu Murthy)
Proprietor

Membership No. 22715

Firm Registration No. 004742S

Place: Bangalore

Date: 23/05/2016



For and on behalf of the board of directors of
LIQUIDITY INC

[Signature]

Authorised Signatory

LIQUIDITY INC

Statement of Profit and Loss for the year ended March 31, 2016

	Note No	For the year ended 31-03-2016 USD	For the year ended 31-03-2015 USD
I. Revenue			
II. Expenses			
a. Finance Costs	2.9	193,120	193,120
b. Depreciation & Amortisation Expense	2.6	244,338	100,000
c. Other expenses	2.10	80,620	22,466
		<u>518,078</u>	<u>315,586</u>
III. Loss before taxation		(518,078)	(315,586)
Exceptional items		-	(1,409,000)
Profits/(Loss) before taxation		(518,078)	1,093,414
a. Tax Expense:			
i. Current Tax		5,269	1,900
ii. Deferred Tax Charge / (Credit)		-	-
IV. Profit/(Loss) for the year		<u>(523,347)</u>	<u>1,091,514</u>
V. Earning per share			
i. Basic (Face value of \$ 0.0001 each)		(0.07)	0.14
ii. Diluted (Face value of \$ 0.0001 each)		(0.07)	0.14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

I and 2

This is the Statement of Profit and Loss referred to in our report of even date

For Vishnu Ram & Co.,
Chartered Accountants

(S. Vishnumurthy)
Proprietor

Membership No. 22715
Firm Registration No. 004742S
Place: Bangalore
Date: 21/05/2016



For and on behalf of the board of directors of
LIQUIDITY INC

(Signature)

Authorised Signatory

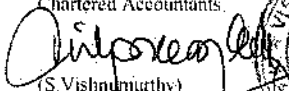
LIQUIDITY INC

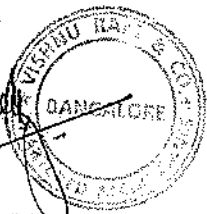
Cash Flow statement for the year ended March 31, 2016

	For the year ending 31-03-2016 USD	For the year ending 31-03-2015 USD
A. Cash Flow from operating activities		
Loss before taxation	(518,078)	1,093,414
Adjustments for:		
Depreciation and amortisation	244,338	100,000
Provision for doubtful receivables	47,262	
Interest Expense and Finance Charges	193,120	193,120
	484,720	293,120
Operating profit before working capital changes	(33,358)	1,386,534
Increase/(decrease) in Trade payables	188,015	221,353
	188,015	221,353
Cash generated/ (used in) from operations	154,657	1,607,887
Direct taxes paid	(5,269)	(1,900)
	149,388	1,605,987
Exceptional and Other Non-Recurring Items	-	(1,409,000)
Net Cash generated from operations	149,388	196,987
B. Cash Flow from investing activities		
	-	-
C. Cash Flow from financing activities		
Proceeds/(Repayment) of long term loans:		
Proceeds	43,500	(10,000)
Interest and Finance Charges paid	(193,120)	(193,120)
Net cash generated from/(used in) financing activities	(149,620)	(203,120)
Net (Decrease)/ Increase in cash and cash equivalents	(232)	(6,133)
Cash and cash equivalents as at March 31, 2014	1,156	7,289
Cash and cash equivalents as at March 31, 2015	924	1,156
	(232)	(6,133)

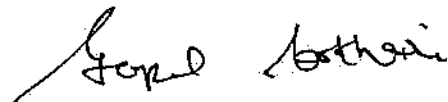
This is the Cash Flow Statement referred to in our report of even date.

For Vishnu Ram & Co.,
Chartered Accountants.


(S. Vishnu Murthy)
Proprietor
Membership No. 22715
Firm Registration No. (047425)
Place: Bangalore
Date: 21/05/2016



For and on behalf of the board of directors of
LIQUIDITY INC


Authorized Signatory

LIQUIDITY INC

Notes to the financial statements

	As at 31-03-2016 USD	As at 31-03-2015 USD
2.1 Share Capital		
Authorised		
Preferred Stock: 4,000,000 (2015: 4,000,000) shares of \$0.0001 each	400	400
Common Stock: 11,000,000 (2015: 11,000,000) shares of \$0.0001 each	1,100	1,100
	<u>1,500</u>	<u>1,500</u>
Issued, Subscribed and Paid-up		
Preferred Stock: 4,000,000 (2015: 4,000,000) shares of \$0.0001 each	400	400
Common Stock: 3,843,100 (2015: 3,843,100) shares of \$0.0001 each	384	384
	<u>784</u>	<u>784</u>

a. Reconciliation of the number of shares outstanding

	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning	7,843,100	784	7,843,100	784
Add: shares issued during the year				
Number of shares at the end	<u>7,843,100</u>	<u>784</u>	<u>7,843,100</u>	<u>784</u>

b. Rights, preferences and restrictions attached to shares

The Company has two class of shares preferred stock and common stock having a face value of \$ 0.0001 per share. Each holder of the shares is entitled to one vote per share.

In the event of liquidation, the equity shareholders are eligible to receive the assets remaining Company after distribution of all preferential amounts, in proportion to their holdings.

c. Shares held by holding/ ultimate holding company and/or their subsidiaries/ associates

Particulars	As at March 31, 2016	As at March 31, 2015
	Number of shares	Number of shares
Holding company - United Spirits Limited	4,000,000	4,000,000

d. Details of shareholders holding more than 5% shares in the company

	As at March 31, 2016		As at March 31, 2015	
	Number of shares	% holding	Number of shares	% holding
Preferred stock				
United Spirits Limited	4,000,000	100%	4,000,000	100%
Common stock				
Ground Zero Advertising, Inc	3,843,100	100%	3,843,100	100%

2.2 Reserves and Surplus

Securities Premium Reserve	3,002,916	3,002,916
Debit balance as per Statement of Profit and Loss As per last Balance Sheet	(6,463,766)	(7,555,280)
Add: loss for the year	(523,347)	1,091,514
	<u>(6,987,113)</u>	<u>(6,463,766)</u>
Less: Appropriations:	(6,987,113)	(6,463,766)
	<u>(3,984,197)</u>	<u>(3,460,850)</u>

LIQUIDITY INC

Notes to the financial statements

	As at 31-03-2016 USD	As at 31-03-2015 USD
2.3 Long-term Borrowings		
Unsecured		
Long term loan from Related parties:		
United Spirits Limited	1,000,000	1,000,000
United Spirits Great Britain Limited	43,500	-
From Others	1,314,000	1,314,000
	<u>2,357,500</u>	<u>2,314,000</u>

Terms of repayment for unsecured borrowings

Borrowings	Terms of Repayment
Note Payable - United Spirits Limited & others	Payable in monthly installments of principal and interest beginning October 2010, and continuing through September 2016 along with interest rate of 8%

LIQUIDITY INC

Notes to the financial statements

	As at 31-03-2016 USD	As at 31-03-2015 USD
2.4 Trade Payables		
Sundry Creditors	51,130	56,235
	51,130	56,235
2.5 Other Current Liabilities		
Interest accrued & due on Unsecured loan	1,575,707	1,382,587
	1,575,707	1,382,587

LIQUIDITY INC

Notes to the financial statements

2.6 Fixed Assets
Intangible

Figures in USD

	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	As at March 31, 2015	Additions Deletion/ Adjustments	As at March 31, 2015	For the year	As at March 31, 2016	As at March 31, 2015
Trademark, Formulae and License	1,000,000	1,000,000	755,662	244,338	1,000,000	244,338
	1,000,000	-	755,662	244,338	1,000,000	244,338

LIQUIDITY INC

Notes to the financial statements

	As at 31-03-2016 USD	As at 31-03-2015 USD
2.7 Trade Receivables		
(Unsecured, considered good unless stated otherwise)		
Exceeding six months:		
Considered Good	-	-
Considered Doubtful	47,262	-
	<u>47,262</u>	<u>-</u>
Others: Considered Good	-	47,262
		<u>47,262</u>
Less: Provision for Doubtful Debts	47,262	-
	<u>-</u>	<u>47,262</u>
2.8 Cash and Cash Equivalents		
Balances with Banks:		
On Current accounts	924	1,156
	<u>924</u>	<u>1,156</u>

LIQUIDITY INC

Notes to the financial statements

	As at 31-03-2016 USD	As at 31-03-2015 USD
2.9 Finance Cost		
Interest	193,120	193,120
	<u>193,120</u>	<u>193,120</u>
2.10 Other Expenses		
Legal and Professional	33,358	33,707
Others		
Provision for doubtful receivables	47,262	-
Miscellaneous	-	7,115
	<u>80,620</u>	<u>40,822</u>

LIQUIDITY INC**Balance Sheet as at March 31, 2016**

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

1 and 2

This is the Balance Sheet referred
to in our report of even date

For Vishnu Ram & Co.,
Chartered Accountants

For and on behalf of the board of directors of
LIQUIDITY INC

(S.Vishnumurthy)
Proprietor
Membership No. 22715
Firm Registration No. 004742S
Place: Bangalore
Date:

Authorised Signatory

1. Significant Accounting Policies

i. Basis of Preparation and Presentation :

The financial statements have been prepared in conformity with the accounting principles generally accepted in India, in particular, these financial statements have been prepared in compliance with the mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

The financial statements have been prepared to facilitate the consolidation of the financial statements of the Indian holding company in accordance with the accounting standard AS – 21, Consolidated Financial Statements.

The financial statements are prepared under the historical cost convention, on going concern basis and on the accrual basis of accounting, unless otherwise stated. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

ii. Impairment of Assets :

The carrying amounts of assets are reviewed at each balance sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use.

iii. Revenue recognition:

All revenues are generally recognized on accrual basis except where there is an uncertainty of ultimate realization. Dividend from investment in shares is recognized when the company's right to receive the amount is established.

iv. Foreign Currency Transactions:

Foreign currency transactions during the year are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary items are translated into the reporting currency at the closing rates of exchange prevailing at the date of the balance sheet. Non-monetary items, which are carried in terms of historical cost denominated in foreign currency, are reported using exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded, are recognised as income or as expenses in the year in which they arise.

v. Tax expense:

Tax expense comprises of current and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the United

States of America. Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised by using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Unrecognised deferred tax assets of earlier year are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which deferred tax assets can be realized.

vi. Investments:

Investments are stated at cost including brokerage, fees, duties, and borrowing costs till the date of acquisition and other expenses directly attributable to the acquisition of the investment. Current investments are shown at lower of cost and fair value. Permanent declines in the value of long-term investments are recognized. Temporary declines in the value of long-term investments are ignored.

vii. Provisions and contingencies:

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

viii. Earnings per share:

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax. The number of share used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any which would have been issued on the conversion of all dilutive potential equity shares. The number of shares and potentially dilutive shares are adjusted for the bonus and sub-division of shares.

ix. Segment reporting:

Business segments are defined as a distinguishable component of an enterprise that is engaged in providing a group of related products and services and that is subject to differing risks and returns and about which separate financial information is available. This information is reviewed and evaluated regularly by the management deciding how to allocate resources and in assessing the performance.

For the period under reference the company considers all its activities as relating to a single business segment and relating to a single geographical area.

Notes to the financial statements for the year ending March 31, 2016

2.11 Related Party Disclosures :

i) List of related parties:

Sl. No.	Name of the related party	Nature of relationship
1.	United Spirits Limited	Holding Company
2.	Palmer Investment Group Limited	Fellow Subsidiary
3.	Montrose International S.A.	Fellow Subsidiary
4.	UB Sports Management Overseas Ltd (Formerly known as JIHL Nominees Limited)	Fellow Subsidiary
5.	USL Holdings (UK) Limited	Fellow Subsidiary
6.	USL Holdings Limited	Fellow Subsidiary
7.	United Spirits (Great Britain) Limited	Fellow Subsidiary
8.	United Spirits (UK) Limited	Fellow Subsidiary
9.	United Spirits Nepal Private Limited	Fellow Subsidiary
10.	Asian Opportunities and Investments Limited	Fellow Subsidiary
11.	Shaw Wallace Overseas Limited	Fellow Subsidiary
12.	SW Finance Co Limited *	Fellow Subsidiary
13.	Four Seasons Wines Limited	Fellow Subsidiary
14.	Chapin Landias S.A.S **	Fellow Subsidiary
15.	McDowell (Scotland) Limited	Fellow Subsidiary
16.	Bouvet Ladubay S.A.S **	Fellow Subsidiary
17.	Royal Challengers Sports Pvt Ltd	Fellow Subsidiary
18.	United Spirits Shanghai Trading Co Ltd	Fellow Subsidiary
19.	Wine Soc. of India Private Limited	Associate
20.	UB Distilleries	Associate

21.	Tern Distilleries Private Limited	Fellow Subsidiary
22.	Sovereign Distilleries Limited	Fellow Subsidiary
23.	Pioneer Distilleries Limited	Fellow Subsidiary
24.	United Spirits Singapore Pte Limited	Fellow Subsidiary
25.	Relay B. V	Promoter of holding company
26.	United Breweries (Holdings) Limited	Promoter of holding company
27.	Diageo India Private Limited	Promoter of holding company
28.	Diageo Scotland Limited	Promoter of holding company
29.	Diageo Plc	Promoter of holding company
30.	Diageo Singapre Supply Pte Ltd	Promoter of holding company
31.	Diageo Brands BV	Promotor of holding company
32.	Kingfisher Finvest India Limited	Promotor of holding company
33.	Diageo Vietnam	Promotor of holding company
34.	Diageo Great Britain Limited	Promotor of holding company
35.	Diageo Australia Limited	Promotor of holding company
36.	Diageo North America, Inc.	Promotor of holding company
37.	Diageo Singapore Pte. Limited	Promotor of holding company
38.	Guinness Nigeria Limited	Promotor of holding company

39.	Diageo Ireland	Promotor of holding company
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ii) Related Party Transactions :

Sl. No.	Nature of Transactions :	2016	2015
1	Holding company :		
	Share capital	USD 400	USD 400
	Unsecured loans	USD 1,000,000	USD 1,000,000
2	Unsecured Loan from United Spirits Great Britain	USD 43,500	NIL

2.12 Cash Flow :

Cash flow statement is prepared using the indirect method of cash flow statement and in accordance with AS 3 – Cash Flow Statements.

2.13 Contingent Liabilities:

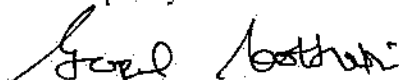
All known liabilities, wherever material, are provided for and liabilities, which are material and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent.

2.14 The financial statements have been prepared on the going concern basis, on the continued support of the company's parent, United Spirits Limited.

2.15 Figures are rounded off to the nearest reporting currency.

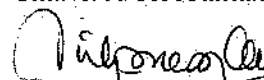
2.16 Previous year figures have been regrouped where ever necessary.

For and on behalf of the Board of Directors
of Liquidity Inc

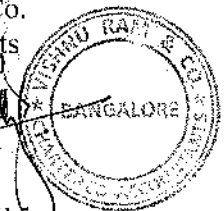

Authorised Signatory

Place : Bangalore
Date : 21/05/2016

Per our report of even date
For Vishnu Ram & Co.
Chartered Accountants


(S. Vishnumurthy)
Proprietor

Membership no. 22715
Firm Registration No. 004742S



VISHNU RAM & CO.,
CHARTERED ACCOUNTANTS

To

The Board of Directors,
Liquidity Inc

1. This has reference to your letter dated 17.04.2016 requesting us to carry out an audit of and report on the financial statements of **Liquidity Inc** (“the company”), which is a subsidiary of United Spirits Limited, Bangalore.
2. Accordingly, we have audited the attached Balance Sheet of the company as at 31st March 2016, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended 31st March 2016 annexed thereto. These financial statements are your responsibility. Our responsibility is to express an opinion on these financial statements based on our audit.
3. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. Emphasis of matter

The company has prepared its financial statements on going concern basis relying upon the letter of financial support given by its holding company/ultimate holding company.

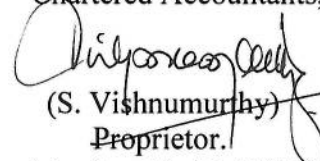
5. We report that;
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - iii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give a true and fair view in conformity with accounting principles generally accepted in India;

VISHNU RAM & CO.,
CHARTERED ACCOUNTANTS

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31-03-2016, and
- (b) in the case of the Statement of Profit and Loss of the loss for the year ended 31-3-2016 and
- (c) in the case of cash flow statement, of the cash flows for the year ended 31-3-2016

Place: Bangalore
Date : 21-05-2016

For Vishnu Ram & Co.,
Chartered Accountants,


(S. Vishnumurthy)
Proprietor.



Membership No.22715
Firm Registration No.004742S