

Company Number : 78026

IMPERIAL TOBACCO OVERSEAS LIMITED

Annual Report and Accounts 2008

TUESDAY



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Board of Directors

A J Cooper (Mrs)
R Dyrbus
M R Phillips
T M Williams

Company Secretary

R L G Fennell (Mrs)

Registered Office

PO Box 244
Upton Road
Bristol
BS99 7UJ

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
31 Great George Street
Bristol
BS1 5QD

Report of the Directors

The Directors submit their report together with the financial statements of the Company for the year to 30 September 2008.

Business review, principal activity and financial risk management

The principal activity of the Company is that of holding investments.

The Company is a wholly owned subsidiary of Imperial Tobacco Group PLC and the Directors of the Group manage operations at a Group level. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the treasury operations of the Group, which includes the Company, are discussed on page 95 of the Group's Annual Report which does not form part of this report, but is available at www.imperial-tobacco.com.

In addition, the Directors of the Group manage the Group's risks at a Group level, rather than at an individual entity level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the business of the Company. The principal risks and uncertainties of the Group, which include those of the Company, are discussed on page 22 of the Group's Annual Report, which does not form part of this report.

Financial results and dividends

The loss for the financial year was £40,121,000 (2007: profit of £16,495,000).

The Directors do not recommend the payment of a dividend.

Future outlook

The year end financial position was considered satisfactory and the Directors expect that the present activity will be sustained for the foreseeable future.

Board of Directors

The present Board of Directors is shown on page 1. There were no changes in the period under review.

Going concern

The Directors are satisfied that the Company has adequate resources to meet its operational needs for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements 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 Directors

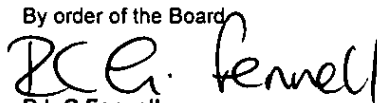
Auditors and disclosure of information to Auditors

Each of the Directors in office as of the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information (that is, information needed by the Company's Auditors in connection with preparing their report) of which the Company's Auditors are unaware; and
- they have each taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

In the absence of a notice proposing that the appointment of PricewaterhouseCoopers LLP as auditors to the Company should be brought to an end, the auditors will be deemed to be re-appointed for the next financial year.

By order of the Board



R L G Fennell
Company Secretary
23 March 2009

Independent auditors' report to the members of Imperial Tobacco Overseas Limited

We have audited the financial statements of Imperial Tobacco Overseas Limited for the year ended 30 September 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Directors and Advisors details. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol
24 March 2009

Profit and loss account

for the year ended 30 September 2008

<i>(In £000's)</i>	Notes	2008	2007
Administrative expenses	1	(35,816)	(134)
Loss on ordinary activities before interest		(35,816)	(134)
Interest (payable)/receivable	3	(4,305)	16,629
(Loss)/profit on ordinary activities before taxation		(40,121)	16,495
Taxation	4	-	-
(Loss)/profit for the financial year		(40,121)	16,495

The figures above are directly related to continuing operations.

There is no difference between the loss as shown above and that calculated on an historical cost basis.

Statement of Total Recognised Gains and Losses

for the year ended 30 September 2008

<i>(In £000's)</i>	2008	2007
(Loss)/profit for the financial year	(40,121)	16,495
Exchange movements on retranslation of net investments and related borrowings	37,665	-
Total recognised (losses)/gains for the year	(2,456)	16,495

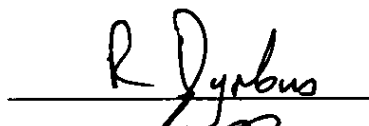
Balance Sheet

at 30 September 2008

<i>(In £000's)</i>	Notes	2008	2007
Fixed assets			
Investments	5	8,798,166	7,398,891
Current assets			
Debtors	6	629,203	1,383,924
Cash at bank		8	16,575
		629,211	1,400,499
Creditors: amounts falling due within one year	7	(829,819)	(1,289,376)
Net current (liabilities)/assets		(200,608)	111,123
Net assets		8,597,558	7,510,014
Capital and reserves			
Called up share capital	8	932,101	921,201
Share premium account	9	7,648,780	6,569,680
Profit and loss account	9	16,677	19,133
Shareholders' funds	10	8,597,558	7,510,014

The financial statements on pages 5 to 13 were approved by the Board of Directors on 23 March 2009 and signed on its behalf by:

R Dyrbus
Director



T M Williams
Director



Accounting Policies

The financial statements have been prepared in accordance with the Companies Act 1985 and UK Generally Accepted Accounting Principles. The principal accounting policies, which have been applied consistently, are set out below.

Basis of accounting

The accounts have been prepared in accordance with the historical cost convention.

Cash flow statement

The Company is a wholly-owned subsidiary of Imperial Tobacco Group PLC and is included in the financial statements of Imperial Tobacco Group PLC. Consequently, the Company has taken advantage of the exemption conferred by FRS1 (revised) and not presented a cash flow statement.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction, or where forward foreign currency contracts have been arranged, at the contracted rates. Monetary assets and liabilities denominated in foreign currencies, where a contracted rate does not apply, are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences are taken to the profit and loss account.

The Company's overseas equity investments are hedged by intra-group borrowings in the currencies in which those assets are denominated. Exchange differences arising on the retranslation of the overseas net investments less exchange differences on the borrowings are taken to reserves through the statement of total recognised gains and losses. Other exchange gains and losses are dealt with in the profit and loss account.

Dividends

Final dividends payable and receivable are recognised as a liability or asset in the Company's financial statements in the period in which dividends are approved by shareholders, while interim dividends are recognised in the period in which dividends are paid.

Impairment of fixed assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value (less costs to sell) and value in use. Value in use is based on the present value of the future cash flows relating to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (income generating units).

Impairment losses are reversed where the recoverable amount increases because of a change in economic conditions or in the expected use of the asset.

Notes to the accounts

1 Administrative expenses

Administrative expenses include:

<i>(In £000's)</i>	2008	2007
Exchange gain / (loss)	2,636	(134)
Provision for impairment of fixed asset investments (note 5)	(38,452)	-

Other expenses of the Company, including auditors' fees of £1,500, were met by Imperial Tobacco Limited.

2 Directors' emoluments and pensions

Directors' emoluments

None of the Directors received any emoluments from the Company in respect of the year under review (2007: nil).

The emoluments of the Directors are paid by Imperial Tobacco Limited a wholly owned subsidiary of Imperial Tobacco Group PLC, the ultimate parent company. The Directors' services to the Company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to Imperial Tobacco Limited and the ultimate parent company. Accordingly, no emoluments are disclosed in these financial statements.

Directors' pensions

Retirement benefits are accruing under a defined benefit scheme, in respect of qualifying services of all the Company's Directors. The Directors' services to the Company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to Imperial Tobacco Limited and the ultimate parent company. Accordingly, no retirement benefits are disclosed in these financial statements.

3 Net interest payable/(receivable)

<i>(In £000's)</i>	2008	2007
Interest receivable		
Interest receivable from Group undertakings	23,725	16,629
Interest payable		
Interest payable to Group undertakings	(28,030)	-
Net interest payable/(receivable)	(4,305)	16,629

4 Taxation

<i>(In £000's)</i>	2008	2007
UK Corporation tax at 29% (2007: 30%)	-	-
Adjustments to current tax in respect of prior years	-	-
	-	-

Notes to the accounts

4 Taxation (continued)

Factors affecting the current tax charge for the year

The tax assessed for the year is lower than the standard higher rate of corporation tax in the UK (29.0%). The differences are explained below:

<i>(In £000's)</i>	2008	2007
(Loss)/profit on ordinary activities before taxation	(40,121)	16,495
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 29.0% (2007: 30.0%)	(11,635)	4,949
Effects of:		
Disallowable items	11,151	-
UK-UK transfer pricing adjustment	134	(12,636)
Group relief surrendered	350	7,687
Total current tax	-	-

The corporation tax credit for the year has been reduced by £350,411 (2007: £7,686,746) due to the surrender of group relief for nil consideration to other Imperial Tobacco group companies.

Factors affecting future tax charge

The current tax credit is reduced by the surrender of group relief. There is no guarantee that the Company will continue to surrender group tax relief in the future.

The current year tax rate of 29% arises from profits being taxed at 30% until 31 March 2008 and 28% thereafter. In the future profits will be subject to corporation tax at 28%.

5 Fixed asset investments

The principal operating subsidiaries of the Company are shown on pages 12 and 13.

<i>(In £000's)</i>	2008	2007
Shares in wholly owned subsidiaries at cost:		
Balance at beginning of year	7,398,891	7,310,001
Additions	1,107,024	19,084
Provision for impairment	(38,452)	-
Exchange movements	330,703	69,806
Balance at end of year	8,798,166	7,398,891

During the year the Company increased its investment in Imperial Tobacco Overseas Holdings Limited, a Company registered in England and Wales, by £1,090,000,000. In addition the Company increased its investment Imperial Tobacco Sigara ve Tutunculuk Sanayi ve Ticaret A.S., a company registered in Turkey, by £17,024,000.

During 2007 the Company increased its investment in Imperial Tobacco Sigara ve Tutunculuk Sanayi ve Ticaret A.S., a company registered in Turkey, by £19,084,000.

During the year the Company has made provisions for impairment against the carrying value of investments as follows: Imperial Tobacco Sigara ve Tutunculuk Sanayi ve Ticaret A.S. £9,378,000 and Imperial Tobacco Tutun Urunleri Satis Ve Pazarlama A.S. £29,074,000.

In the opinion of the Directors the value of the Company's shareholdings are not less than the amount stated in the balance sheet.

The Company is not required to prepare consolidated accounts in accordance with Section 228 (1)(a), Companies Act 1985.

Notes to the accounts

6 Debtors

<i>(In £000's)</i>	2008	2007
Amounts falling due within one year		
Amounts owed by parent company and fellow subsidiary undertakings	629,203	1,383,924

7 Creditors

<i>(In £000's)</i>	2008	2007
Amounts falling due within one year		
Amounts owed to parent company and fellow subsidiary undertakings	829,819	1,289,376

8 Share capital

Authorised

The authorised share capital at 30 September 2008 was made up of 410,000,000 ordinary shares of £1 each, 200,000,000 redeemable shares of £1 each and 800,000,000 ordinary shares of US\$1 each.

Called-up and fully paid

<i>(In £000's)</i>	2008	2007
325,514,000 ordinary shares of £1 each (2007: 314,614,000)	325,514	314,614
200,000,000 redeemable shares of £1 each (2007: 200,000,000)	200,000	200,000
800,000,000 ordinary shares of US\$1 each (2007: 800,000,000)	406,587	406,587
Balance at end of year	932,101	921,201

The redeemable shares rank pari passu with the ordinary shares but may be redeemed by the Company at any time on demand.

There is no premium payable on redemption. There is currently no intention to redeem these shares in the foreseeable future.

During the year the Company issued to Imperial Tobacco Holdings (1) Limited 10,900,000 ordinary shares of £1 each at a premium for consideration of £1,090,000,000.

9 Reserves

<i>(In £000's)</i>	Share Premium account	Profit and loss account
As at 1 October 2007	6,569,680	19,133
Premium on shares issued during the year	1,079,100	-
Total recognised (losses)/gains for the year	-	(2,456)
As at 30 September 2008	7,648,780	16,677

10 Reconciliation of movements in shareholders' funds

<i>(In £000's)</i>	2008	2007
(Loss)/profit for the year	(40,121)	16,495
Net exchange movements	37,665	-
Total recognised (losses)/gains for the year	(2,456)	16,495
Issue of ordinary shares	1,090,000	976,850
Net increase in shareholders' funds	1,087,544	993,345
Opening shareholders' funds	7,510,014	6,516,669
Closing shareholders' funds	8,597,558	7,510,014

Notes to the accounts

11 Related party transactions

The Company has taken advantage of the group dispensation permitted under FRS 8 Related Party Transactions for 90% subsidiaries, not to disclose intra group transactions undertaken during the year.

12 Number of employees

The Company had no employees during the year (2007: nil).

13 Immediate and ultimate parent undertakings

The ultimate parent undertaking and controlling party of Imperial Tobacco Overseas Limited at 30 September 2008 was Imperial Tobacco Group PLC, a company incorporated in Great Britain and registered in England and Wales, whose consolidated financial statements may be obtained from The Company Secretary, P.O. Box 244, Upton Road, Bristol BS99 7UJ.

The immediate parent undertaking of Imperial Tobacco Overseas Limited at 30 September 2008 was Imperial Tobacco Holdings (1) Limited, a company incorporated in Great Britain and registered in England and Wales.

Principal Subsidiaries

The principal wholly owned subsidiaries of the Company, all of which are unlisted, are shown below.

Registered in England and Wales	
Name	Principal activity
Imperial Tobacco Overseas Holdings (3) Limited*	Holding investments in subsidiary companies
Incorporated overseas	
Name and country of incorporation	Principal activity
Altadis, S.A., Spain	Manufacture, marketing, sale and distribution of tobacco products in Spain
Altadis Financial Services, S.N.C. ¹ , France	Finance company
Altadis Maroc, S.A., Morocco	Manufacture, marketing, sale and distribution of tobacco products in Morocco
Commonwealth Brands Inc.*, United States of America	Manufacture, marketing and sale of tobacco products in the United States of America
Compañía de Distribución Integral Logista, S.A., Spain	Distribution of tobacco products and related services in Spain
Ets. L. Lacroix Fils N.V.*, Belgium	Manufacture, marketing and sale of tobacco products in Belgium
Imperial Tobacco (Asia) Pte. Ltd.*, Singapore	Marketing and sale of tobacco products in South East Asia
Imperial Tobacco Australia Limited*, Australia	Marketing and sale of tobacco products in Australia
Imperial Tobacco CR s.r.o.*, Czech Republic	Marketing and sale of tobacco products in the Czech Republic
Imperial Tobacco Hellas S.A.*, Greece	Marketing and sale of tobacco products in Greece
Imperial Tobacco Magyarország Dohányforgalmazó Kft*, Hungary	Marketing and sale of tobacco products in Hungary
Imperial Tobacco Mullingar*, Republic of Ireland	Manufacture of fine cut tobacco in the Republic of Ireland
Imperial Tobacco New Zealand Limited*, New Zealand	Manufacture, marketing and sale of tobacco products in New Zealand
Imperial Tobacco Norway A.S.*, Norway	Marketing and sale of tobacco products in Norway
Imperial Tobacco Overseas B.V.*, the Netherlands	Finance company
Imperial Tobacco Polska S.A.*, Poland	Manufacture, marketing and sale of tobacco products in Poland
Imperial Tobacco Sales & Marketing LLC*, Russia	Marketing and sale of tobacco products in Russia
Imperial Tobacco Sigara ve Tutunculuk Sanayi ve Ticaret A.S.*, Turkey	Marketing and sale of tobacco products in Turkey
Imperial Tobacco Slovakia A.S.*, Slovak Republic	Manufacture, marketing and sale of tobacco products in the Slovak Republic
Imperial Tobacco Tutun Urunleri Satis ve Pazarlama A.S.*, Turkey	Manufacture of tobacco products in Turkey
Imperial Tobacco Ukraine*, Ukraine	Marketing and sale of tobacco products in Ukraine
John Player & Sons Limited*, Republic of Ireland	Marketing and sale of tobacco products in the Republic of Ireland
John Player S.A.*, Spain	Marketing and sale of tobacco products in Spain
Logista Italia. S.p.A, Italy	Distribution of tobacco products in Italy
Reemtsma Cigarettenfabriken GmbH*, Germany	Manufacture, marketing and sale of tobacco products in Germany
Reemtsma International Asia Services Limited*, China	Marketing of tobacco products in China
OOO Reemtsma Volga Tabakfabrik*, Russia	Manufacture of tobacco products in Russia
Skruf Snus AB*, Sweden	Manufacture, marketing and sale of tobacco products in Sweden
Van Nelle Canada Limited*, Canada	Manufacture of tubes and sale of tobacco products in Canada
Van Nelle Tabak Nederland B.V.*, the Netherlands	Manufacture, marketing and sale of tobacco products in the Netherlands

The subsidiaries marked * are wholly owned and were held throughout the year with the exception of Skruf Snus AB of which the remaining 57% was acquired in June 2008 and Imperial Tobacco Polska S.A. of which the remaining 0.1% was acquired in July 2008.

The remaining wholly owned subsidiaries were acquired through the acquisition of Altadis on 25 January 2008 with the exception of Compañía de Distribución Integral Logista, S.A., of which 59.63% was acquired with Altadis, 37.29% acquired on 6 May 2008 and 3.08% acquired on 9 June 2008, and which wholly owns Logista Italia. S.p.A.

Principal Subsidiaries (continued)

The principal partly owned subsidiaries of the Company, with the exception of 800 JR Cigar Inc. which was acquired with Altadis, were held throughout the year, are shown below. All are unlisted unless otherwise indicated.

Incorporated overseas		Percentage owned ¹
Name and country of incorporation	Principal activity	
Imperial Tobacco Production Ukraine, Ukraine	Manufacture of cigarettes in Ukraine	99.8
800 JR Cigar Inc. ² , United States of America	Holding investments in subsidiary companies	51.0
Reemtsma Kyrgyzstan OJSC, Kyrgyzstan	Manufacture, marketing and sale of tobacco products in Kyrgyzstan	98.6
Tutunski Kombinat AD, Macedonia	Manufacture, marketing and sale of tobacco products in Macedonia	99.1

The principal joint ventures of the Company, acquired on 25 January 2008 through the acquisition of Altadis, are shown below. They are unlisted.

Incorporated overseas		Percentage owned ¹
Name and country of incorporation	Principal activity	
Corporación Habanos, S.A., Cuba	Export of cigars manufactured in Cuba	50.0
Altavana S.L., Spain	Holding investments in subsidiary companies involved in the marketing and sale of Cuban cigars	50.0

In addition, the Company also wholly owns the following partnership:

Name and country	Principal activity
Imperial Tobacco (EFKA) GmbH & Co. KG, Germany	Manufacture of tubes in Germany
Principal place of business: Industriestrasse 6, Postfach 1257, D-78636 Trossingen, Germany	

With the exception of Imperial Tobacco Sigara ve Tutunculuck Sanayi ve Ticaret A.S. and Imperial Tobacco Tutun Urunleri Satis ve Pazarlama A.S., which are wholly owned by the Company, none of the shares in the subsidiaries are held by the Company.

¹ The percentage of issued share capital held by immediate parent and the effective voting rights of the Company are the same, with the exception of Altadis Financial Services S.N.C. where the entire issued share capital, and therefore 100% of the voting rights, was held by a number of Group companies. From late September 2008 Altadis Financial Services S.N.C. is 100% owned by Altadis S.A..

² The outstanding 49% minority shareholding in 800 JR Cigar Inc. was acquired on 7 October 2008.