

Company Number : 78026

## IMPERIAL TOBACCO OVERSEAS LIMITED

### Annual Report and Accounts 2009



**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 Statutory 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 2009

### 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 98 of the Group's Annual Report which does not form part of this report, but is available at [www.imperial-tobacco.com](http://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 16 of the Group's Annual Report, which does not form part of this report

### Financial results and dividends

The profit for the financial year was £288,914,000 (2008 loss of £40,121,000)

The Directors do not recommend the payment of a dividend (2008 nil)

### 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). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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  
21 May 2010

## **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 2009 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of Directors and Auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



**Colin Bates (Senior Statutory Auditor)**  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Bristol  
May 2010

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## Profit and loss account

for the year ended 30 September 2009

<i>(In £000's)</i>	Notes	2009	2008
Administrative expenses	1	(10,874)	(35,816)
Income from shares in group undertakings	2	393,733	-
<b>Profit/(loss) on ordinary activities before interest</b>		<b>382,859</b>	<b>(35,816)</b>
Interest receivable and similar income	4	10,689	23,725
Interest payable and similar charges	5	(56,374)	(28,030)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>337,174</b>	<b>(40,121)</b>
Taxation	6	(48,260)	-
<b>Profit/(loss) for the financial year</b>		<b>288,914</b>	<b>(40,121)</b>

The figures above are directly related to continuing operations

There is no difference between the profit and 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 2009

<i>(In £000's)</i>		2009	2008
<b>Profit/(loss) for the financial year</b>		<b>288,914</b>	<b>(40,121)</b>
Exchange movements on retranslation of net investments and related borrowings	12	25,265	37,665
<b>Total recognised gains/(losses) for the year</b>		<b>314,179</b>	<b>(2,456)</b>

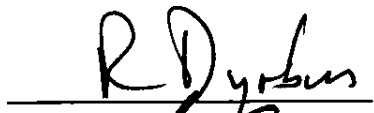

## Balance Sheet

at 30 September 2009

<i>(In £000's)</i>	Notes	2009	2008
<b>Fixed assets</b>			
Investments	7	9,254,693	8,798,166
<b>Current assets</b>			
Debtors	8	702,240	629,203
Cash at bank		137	8
		<b>702,377</b>	<b>629,211</b>
<b>Creditors amounts falling due within one year</b>	9	<b>(1,045,333)</b>	<b>(829,819)</b>
<b>Net current liabilities</b>		<b>(342,956)</b>	<b>(200,608)</b>
<b>Net assets</b>		<b>8,911,737</b>	<b>8,597,558</b>
<b>Capital and reserves</b>			
Called up share capital	10	932,101	932,101
Share premium account	11	7,648,780	7,648,780
Profit and loss account	11	330,856	16,677
<b>Shareholders' funds</b>	12	<b>8,911,737</b>	<b>8,597,558</b>

The financial statements on pages 5 to 13 were approved by the Board of Directors on 21 May 2010 and signed on its behalf by

R Dyrbus  
Director

T M Williams  
Director

## Accounting Policies

The financial statements have been prepared on a going concern basis, and in accordance with the Companies Act 2006 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 FRS 1 (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.

### Investments held as fixed assets

Investments held as fixed assets comprise the Company's investment in subsidiaries and are shown at cost less any provision.

### 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>	2009	2008
Exchange gain	9,257	2,636
Provision for impairment of fixed asset investments (note 7)	(20,131)	(38,452)

Other expenses of the Company, including auditors' fees of £1,555 (2008 £1,500), were met by Imperial Tobacco Limited

### 2 Income from shares in group undertakings

Ordinary dividends were received from the Company's wholly owned subsidiaries as follows

<i>(In £000's)</i>	2009	2008
Imperial Tobacco Overseas Holdings Limited	300,000	-
Imperial Tobacco Ireland Limited	65,834	-
Newglade International	27,899	-
	393,733	-

### 3 Directors' emoluments and pensions

#### Directors' emoluments

None of the Directors received any emoluments from the Company in respect of the year under review (2008 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.

### 4 Interest receivable and similar income

<i>(In £000's)</i>	2009	2008
Interest receivable from Group undertakings	10,689	23,725

### 5 Interest payable and similar charges

<i>(In £000's)</i>	2009	2008
Interest payable to Group undertakings	(56,374)	(28,030)

### 6 Taxation

<i>(In £000's)</i>	2009	2008
UK Corporation tax at 28.0% (2008 29.0%)	-	-
Adjustments to current tax in respect of prior years	48,260	-
	48,260	-

## Notes to the accounts

### 6 Taxation (continued)

#### Factors affecting the current tax charge for the year

The tax assessed for the year is lower (2008 higher) than the standard higher rate of corporation tax in the UK, 28% (2008 29%). The differences are explained below

<i>(In £000's)</i>	2009	2008
Profit/(loss) on ordinary activities before taxation	337,174	(40,121)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.0% (2008 29.0%)	94,409	(11,635)
Effects of		
Disallowable items	5,637	11,151
UK-UK transfer pricing adjustment	16	134
Group relief surrendered	10,183	350
Adjustments to current tax in respect of prior years	48,260	-
Dividends received covered by exemption	(110,245)	-
<b>Total current tax</b>	<b>48,260</b>	<b>-</b>

The corporation tax credit for the year has been reduced by £10,183,377 (2008 £350,411) 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.

### 7 Fixed asset investments

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

<i>(In £000's)</i>	2009	2008
Shares in wholly owned subsidiaries at cost		
Balance at beginning of year	8,798,166	7,398,891
Additions	24,572	1,107,024
Provision for impairment	(20,131)	(38,452)
Exchange movements	452,086	330,703
<b>Balance at end of year</b>	<b>9,254,693</b>	<b>8,798,166</b>

During the year the Company increased its investment in Imperial Tobacco Sigara ve Tutunculuk Sanayi ve Ticaret A S , a company registered in Turkey, by £24,572,000

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 £11,437,000 (2008 £9,378,000) and Imperial Tobacco Tutun Urunleri Satis Ve Pazarlama A S £8,694,000 (2008 £29,074,000)

During 2008 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

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 400 (1), Companies Act 2006

## Notes to the accounts

### 8 Debtors

<i>(In £000's)</i>	2009	2008
Amounts falling due within one year		
Amounts owed by parent company and fellow subsidiary undertakings	702,240	629,203

### 9 Creditors

<i>(In £000's)</i>	2009	2008
Amounts falling due within one year		
Amounts owed to parent company and fellow subsidiary undertakings	997,073	829,819
Corporation tax	48,260	-
	1,045,333	829,819

### 10 Share capital

#### Authorised

The authorised share capital at 30 September 2009 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>	2009	2008
325,514,080 ordinary shares of £1 each (2008 324,514,080)	325,514	325,514
200,000,000 redeemable shares of £1 each (2008 200,000,000)	200,000	200,000
800,000,000 ordinary shares of US\$1 each (2008 800,000,000)	406,587	406,587
Balance at end of year	932,101	932,101

The redeemable shares rank par 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 2008 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

### 11 Reserves

<i>(In £000's)</i>	Share Premium account	Profit and loss account
As at 1 October 2008	7,648,780	16,677
Total recognised gains for the year	-	314,179
As at 30 September 2009	7,648,780	330,856

### 12 Reconciliation of movements in shareholders' funds

<i>(In £000's)</i>	2009	2008
Profit/(loss) for the year	288,914	(40,121)
Net exchange movements	25,265	37,665
Total recognised gains/(losses) for the year	314,179	(2,456)
Issue of ordinary shares	-	1,090,000
Net increase in shareholders' funds	314,179	1,087,544
Opening shareholders' funds	8,597,558	7,510,014
Closing shareholders' funds	8,911,737	8,597,558

## Notes to the accounts

### **13 Related party transactions**

The Company has taken advantage of the group dispensation permitted under FRS 8 Related Party Transactions for 100% subsidiaries, not to disclose intra group transactions undertaken during the year

### **14 Number of employees**

The Company had no employees during the year (2008 nil)

### **15 Immediate and ultimate parent undertakings**

The ultimate parent undertaking and controlling party of Imperial Tobacco Overseas Limited at 30 September 2009 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 2009 was Imperial Tobacco Holdings (1) Limited, a company incorporated in Great Britain and registered in England and Wales

## Principal Subsidiaries

The principal subsidiaries of the Company at 30 September 2009, all of which are unlisted, are shown below

<b>Registered in England and Wales</b>	
<b>Name</b>	<b>Principal activity</b>
Imperial Tobacco Overseas Holdings (3) Limited	Holding investments in subsidiary companies
Imperial Tobacco International Limited	Export and marketing of tobacco products
<b>Incorporated overseas, wholly owned</b>	
<b>Name and country of incorporation</b>	<b>Principal activity</b>
Altadis, S A , Spain	Manufacture, marketing, sale and distribution of tobacco products in Spain
Altadis Emisiones Financieras SAU, Spain	Finance company
Altadis Finance BV, the Netherlands	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 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 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 Tutunculuck 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 Urunlen Satıs ve Pazarlama A S , Turkey	Manufacture of tobacco products in Turkey
Imperial Tobacco Ukraine, Ukraine	Marketing and sale of tobacco products in Ukraine
Imperial Tobacco Taiwan Co Limited, Taiwan	Marketing and sales of tobacco products in Taiwan
Imperial Tobacco Taiwan Manufacturing Company Limited, Taiwan	Manufacture of tobacco products in Taiwan
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
Tobacna Ljubljana d o o , Slovenia	Marketing and sale of tobacco products in Slovenia
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
800JR Cigar Inc, United States of America	Holding investments in subsidiary companies involved in the sale of cigars in the United States of America

## Principal Subsidiaries (continued)

The principal partly owned subsidiaries of the Company were held throughout the year, are shown below. All are unlisted unless otherwise indicated.

Incorporated overseas		Percentage owned <sup>1</sup>
Name and country of incorporation	Principal activity	
Imperial Tobacco Production Ukraine, Ukraine	Manufacture of cigarettes in Ukraine	99.8
Reemtsma Kyrgyzstan OJSC, Kyrgyzstan	Manufacture, marketing and sale of tobacco products in Kyrgyzstan	98.6
Imperial Tobacco TKS a.d., 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 <sup>1</sup>
Name and country of incorporation	Principal activity	
Corporación Habanos, S.A., Cuba	Export of cigars manufactured in Cuba	50.0
Altabana 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 Satış ve Pazarlama A.S., which are wholly owned by the Company, none of the shares in the subsidiaries are held by the Company.

<sup>1</sup> 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.