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Company No. 78026

IMPERIAL TOBACCO OVERSEAS LIMITED

(formerly J.F. Ashton Limited)

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1993



IMPERIAL TOBACCO OVERSEAS LIMITED

BOARD OF DIRECTORS

R.C. Hannaford
K.F. Thorne

SECRETARY

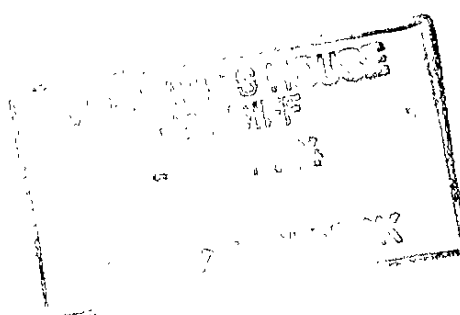
A.D. Porter

REGISTERED OFFICE

PO Box 244,
Upton Road,
Bristol,
BS99 7UJ.

AUDITORS

Coopers & Lybrand,
66 Queen Square,
Bristol,
BS1 4JP.



IMPERIAL TOBACCO OVERSEAS LIMITED
REPORT OF THE DIRECTORS

The directors submit their report together with the financial statements of the company for the year ended 30th September 1993.

1. Activities

The company changed its name from J.F. Ashton Limited with effect from 11th December 1987 and acquired the share capital of Conwood SA from J.F. Ashton Limited on 21st January 1988. On 8th September 1992 it acquired legal title to the share capital of Player & Wills (Ireland) Limited from Anglemaster Limited. The principal activity of the company remains that of investment holding.

2. Directors

During the period under review the following were Directors of the Company:-

Mr. R.C. Hannaford
Mr. K.F. Thorne

3. Directors' Interests

The only declarable interests of the directors, in the share or loan capital of Hanson PLC, the ultimate holding company at 1st October 1992 (or appointment if later) and the 30th September 1993 were as follows:-

	Shares		Options granted or exercised during 1992/93	
	1.10.92	30.9.93	Granted	Exercised
Mr. R.C. Hannaford £1 ordinary	13,000	13,000	18,737	Nil
Mr. K.F. Thorne £1 ordinary	12,600	12,600	15,000	Nil

There were no other notifiable interests.

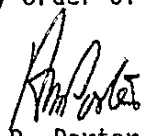
4. Results and Dividends

A loss of £25,095 was made in the year (1992: profit of £1,090,575) and has been transferred to reserves. The directors do not recommend the payment of a dividend (1992: Nil).

5. Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution to re-appoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By Order of the Board


A.D. Porter
Secretary

Dated

10th March 1994

IMPERIAL TOBACCO OVERSEAS LIMITED

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(a) Basis of Accounting

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

(b) Foreign Currencies

Balance sheets and profit and loss accounts of overseas companies are translated at rates ruling at the balance sheet date. Differences on translation arising from changes in the sterling value of overseas net assets at the beginning of the accounting year, due to subsequent variations in exchange rates, are shown as a movement on the statement of retained reserves. Other exchange differences are dealt with in the profit and loss account.

(c) Deferred Taxation

Deferred taxation is provided on the liability method in respect of timing differences except where the liability is not expected to arise in the foreseeable future.

IMPERIAL TOBACCO OVERSEAS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH SEPTEMBER 1997

	<u>Notes</u>	<u>1993</u> <u>£</u>	<u>1992</u> <u>£</u>
Exchange (loss)/gain		(129,540)	1,035,768
Income from shares in group Companies: Dividends receivable	1	109,942	57,692
		-----	-----
Profit on ordinary activities	2	(19,598)	1,093,460
Taxation	4	5,497	2,885
		-----	-----
(Deficit)/surplus for the year transferred to reserves	8	(25,095)	1,090,575
		=====	=====

Note of Historical Cost Profits and Losses

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

All the operations in the period and the comparative period were continuing and there were no acquisitions in either period.

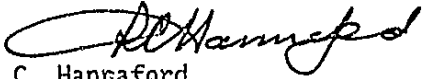
Statement of Total Recognised Gains and Losses

The company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

IMPERIAL TOBACCO OVERSEAS LIMITED
BALANCE SHEET AS AT 30TH SEPTEMBER 1993

	<u>Notes</u>	<u>1993</u> <u>£</u>	<u>1992</u> <u>£</u>
FIXED ASSETS			
Investments	5	8,929,106	8,929,106
CURRENT ASSETS			
Debtors	6	50,290	17,307
CURRENT LIABILITIES			
Creditors - Amount falling due within one year: Amount owing to Imperial Tobacco Ltd.		(7,468,679)	(7,410,601)
NET CURRENT (LIABILITIES)		(7,418,389)	(7,393,294)
NET ASSETS		1,510,717	1,535,812
CAPITAL AND RESERVES			
Called-Up Share Capital	7	66,066	66,066
Revenue Reserves	8	1,444,651	1,469,746
	9	1,510,717	1,535,812

The financial statements on pages 3 - 8 were approved by the Board of Directors on *10 March 1994* and were signed on its behalf by:-


R.C. Hannaford


K.F. Thorne

)
) Directors
)

IMPERIAL TOBACCO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS

1. Dividends Receivable

The dividends receivable from the company's wholly owned subsidiary, Conwood SA, was as follows:-

	<u>1993</u>	<u>1992</u>
	<u>£</u>	<u>£</u>
Ordinary Dividend (Net)	109,942	57,692
Add: Underlying tax charge	-	-
Gross Dividend	109,942	57,692
	=====	=====

2. Profit on Ordinary Activities

The expenses of the company, including auditors' fees, were provided by Imperial Tobacco Limited. Auditors' remunerations amounted to £1,350 (1992: £1,300).

3. Directors Emoluments

None of the directors received any emoluments from the company in respect of the period under review.

4. Taxation

	<u>1993</u>	<u>1992</u>
	<u>£</u>	<u>£</u>
UK Corporation Tax at 33.0% (1992 33.0%)	5,497	2,885
Less: Double Tax Relief	5,497	2,885
	-----	-----
	-	-
Add: Overseas Tax	5,497	2,885
	-----	-----
	5,497	2,885
	=====	=====

The taxation charge for the year has been reduced as a result of the surrender of group relief of £31,000 (1992: 16,000) by Hanson PLC group companies.

IMPERIAL TOBACCO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS
(Continued)

	<u>1993</u> £	<u>1992</u> £
5. <u>Investments</u>		
Shares in wholly owned Subsidiary Companies:		
Conwood SA		
- 7,600 ordinary shares	3,929,106	3,929,106
Player & Wills (Ireland) Limited		
- 5,000,000 ordinary shares	5,000,000	5,000,000
	-----	-----
	8,929,106	8,929,106
	=====	=====

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

In the opinion of the directors the value of the company's shareholding in Conwood SA and Player & Wills (Ireland) Limited is not less than the amount stated in the balance sheet.

Conwood SA incorporated in Switzerland traded in tobacco products and held investments and trademarks. These were realised during the year at a profit. Player & Wills (Ireland) Limited incorporated in the Republic of Ireland is engaged in the manufacture and sale of tobacco goods.

	<u>1993</u> £	<u>1992</u> £
6. <u>Debtors</u>		
Withholding Tax recoverable on dividends received from Conwood SA	50,290	17,307
	=====	=====
7. <u>Called-Up Share Capital</u>		
Authorised		
66,100 ordinary shares of £1 each	66,100	66,100
	=====	=====
Allotted, called up and fully paid		
66,066 ordinary shares of £1 each	66,066	66,066
	=====	=====

8. <u>Reserves</u>	
	£
At 1st October 1992	1,469,746
Deficit for the year	(25,095)

At 30th September 1993	1,444,651
	=====

IMPERIAL TOBACCO OVERSEAS LIMITED

NOTES TO THE ACCOUNTS
(Continued)

9. Reconciliation of Movements in Shareholders' Funds

	<u>1993</u> <u>£</u>	<u>1992</u> <u>£</u>
(Loss)/Profit on ordinary activities after taxation	(25,095)	1,090,575
Opening shareholders' funds	1,535,812	445,237
Closing shareholders' funds	<u>1,510,717</u> <u>=====</u>	<u>1,535,812</u> <u>=====</u>

10. Number of Employees

The average number of employees during the year was nil (1992: Nil).

11. Parent Company

The eventual parent company of Imperial Tobacco Overseas Limited is Hanson PLC, a company registered in England and Wales whose consolidated financial statements may be obtained from 1 Grosvenor Place, London, SW1X 7JH.

REPORT OF THE AUDITORS TO THE MEMBERS OF

IMPERIAL TOBACCO OVERSEAS LIMITED

We have audited the financial statements on pages 3 to 8.

Respective responsibilities of directors and auditors

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 of the Company for that period. In preparing those 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 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.

It is our responsibility to form an independent opinion, based on our audit, on the financial 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 at 30 September 1993 and of its profit and total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Bristol

22nd November 1994