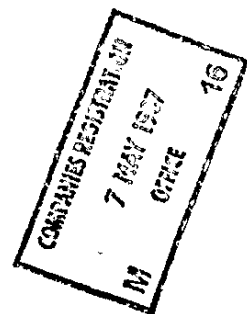


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MYDDLETON INVESTMENT COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 27TH DECEMBER 1986



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REPORT OF THE DIRECTORS  
OF  
MYDDLETON INVESTMENT COMPANY LIMITED

To be presented at the annual general meeting of the shareholders to be held at Gateway House, Basing View, Basingstoke, Hampshire, RG21 2EE on Friday 20th March, 1987 at 10.00 a.m.

The directors have pleasure in presenting their report and accounts for the year ended 27th December, 1986.

DIRECTORS

The directors holding office during the period covered by the accounts were:

W.D. Hoath            (resigned 31.1.87)  
C.W.M. Grose  
D.A. Craigen

D.J. Davis was appointed a director with effect from 26th January, 1987.

DIRECTORS' INTERESTS

According to the Company's register of directors' shareholdings, no director of the Company, nor members of his family as defined by the Companies Act 1985, had any interest in the shares of the Company.

According to the Company's register, no director who was not also a director of the Company's parent or holding companies, held any interest in the shares and loan capital of B.A.T Industries p.l.c. and its subsidiary companies at 27th December, 1986.

PRINCIPAL ACTIVITY

The Company is an investment holding company, its only holding being the shares of its overseas subsidiary company, which is engaged in the manufacture, conversion and sale of paper and paper products.

ACCOUNTS

The profit for the year on ordinary activities after taxation amounted to

to which must be added the surplus at 29th December, 1985:

Profit and loss account  
Other reserves

£000's            £000's

9

1,854  
146

2,000

2,009

ACCOUNTS (continued)

£000's

The directors recommend that a dividend  
be declared on the ordinary shares for  
the year ended 27th December, 1986 of

1,863

leaving a surplus to be carried forward  
of

Other reserves

146

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2,009

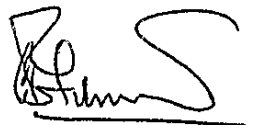
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The directors recommend that the surplus be carried forward.

AUDITORS

The auditors, Deloitte Haskins & Sells, are willing to continue in  
office and a resolution re-appointing them and fixing their  
remuneration will be submitted to the annual general meeting.

By order of the board

  
C.B. Filmer  
Secretary

Gateway House  
Basing View  
Basingstoke  
Hampshire RG21 2EE

20th March, 1987

REPORT OF THE AUDITORS TO THE MEMBERS OF MYDDLETON INVESTMENT COMPANY  
LIMITED

We have audited the financial statements on pages 4 to 8 in accordance  
with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of  
the state of the Company's affairs at 27th December, 1986 and of its  
profit for the year then ended and comply with the Companies Act 1985.

*De Lotte Haskins & Sells*

DELOTTE HASKINS & SELLS

Chartered Accountants

London

20th March, 1987

## NOTES ON THE ACCOUNTS

### ACCOUNTING POLICIES

#### 1. BASIS OF ACCOUNTING

The Company prepares its accounts on the historical cost basis of accounting.

#### 2. TAXATION

Taxation provided is that which became chargeable during the period.

#### 3. INTERNATIONAL ACCOUNTING STANDARDS

It is the policy of the Company to comply with both United Kingdom and International Accounting Standards.

#### 4. FOREIGN CURRENCIES

All foreign currencies have been converted at the appropriate rates of exchange in force at 31st December, 1986.

MYDDLETON INVESTMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 27th December, 1986

	Notes	1986 52 weeks to 27th December £000's	1985 52 weeks to 28th December £000's
Operating charges	2	1	-
Income from shares in subsidiary company		-	361
Profit/(loss) on ordinary activities before taxation		(1)	361
Taxation	3	(10)	90
Profit for the year		9	271
Dividends		1,863	271
Net decrease in reserves		(1,854)	-

MYDDLETON INVESTMENT COMPANY LIMITED

BALANCE SHEET as at 27th December, 1986

	Notes	27th December, 1986 £000's	28th December, 1985 £000's
<b>ASSETS</b>			
Fixed assets			
Investments:			
Shares in group company	4	1,516	1,516
		<u>1,516</u>	<u>1,516</u>
Current assets			
Debtors	5	543	910
		<u>543</u>	<u>910</u>
<b>TOTAL ASSETS</b>		<u>2,059</u>	<u>2,426</u>
<b>LIABILITIES</b>			
Capital and reserves			
Share capital			
Authorised			
50,000 ord shares of £1 each		<u>50</u>	<u>50</u>
		<u>50</u>	<u>50</u>
Issued			
50,000 ord shares of £1 each		<u>50</u>	<u>50</u>
		<u>50</u>	<u>50</u>
Other reserves	6	146	146
Profit and loss account	6	<u>-</u>	<u>1,854</u>
		<u>146</u>	<u>2,000</u>
Share capital and reserves		<u>196</u>	<u>2,050</u>
Creditors			
Other creditors	7	<u>1,863</u>	<u>376</u>
		<u>1,863</u>	<u>376</u>
<b>TOTAL FUNDS EMPLOYED</b>		<u>2,059</u>	<u>2,426</u>

On behalf of the board

*D. J. Dawson*

Directors

*D. J. Dawson*

20th March, 1987

# NOTES TO THE ACCOUNTS

	1986 £000's	1985 £000's
1. Employees (including directors)		
None of the directors received any emoluments during the year.		
2. Operating charges		
Raw materials and consumables	1	-
3. Taxation		
U.K. corporation tax	-	257
Double taxation relief	-	(257)
Overseas taxation	-	105
Adjustments re previous years	(10)	(15)
	(10)	90

The U.K. corporation tax, based on the chargeable profits of the year, has been calculated at 36.25% (1985 41.25%).

	£000's
4. Shares in group companies	
Cost at 29th December 1985	1,516
Acquisitions	
Cost at 27th December, 1986	1,516

<u>Name of company</u>	<u>Country of incorporation and operation</u>	<u>Shares held</u>	<u>Percentage holding</u>
Tribeni Tissues Limited	India	4,052,600 ordinary shares of Rs 10 each	51

No group accounts are submitted, as the Company being a wholly owned subsidiary of another company incorporated in Great Britain, is exempt under section 229 of the Companies Act, 1985. The directors are of the opinion that the aggregate of the assets of the Company consisting of shares in, and amounts owing from, the Company's subsidiary is not less than the aggregate of the amounts at which these assets are stated in the Balance Sheet.

	1986 £000's	1985 £000's
5. Debtors		
Amounts falling due within one year		
Amounts owed by fellow subsidiary companies	543	488
Amounts owed by subsidiary companies	-	421
Other debtors	-	1
	543	910

# NOTES TO THE ACCOUNTS

	Other reserves £000's	Profit and loss account £000's	Total £000's
6. Reserves			
Balance at 29th December, 1985	146	1,854	2,000
Retained loss for the year	-	(1,854)	(1,854)
	<hr/>	<hr/>	<hr/>
Balance at 27th December, 1986	146	-	146
	<hr/>	<hr/>	<hr/>

1986 £000's	1985 £000's
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## 7. Other creditors

Amounts falling due within one year:

Dividends payable

Overseas taxation - payable within one year

1,863	271
-	105
<hr/>	<hr/>
1,863	376
<hr/>	<hr/>

8. The ultimate holding company is B.A.T Industries p.l.c. a company incorporated in Great Britain.