

MYDDLETON INVESTMENT COMPANY LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1996

Registered no. 207434



Myddleton Investment Company Limited**Report of the directors
for the year ended 31 December 1996**

The directors present their report and the audited financial statements for the year ended 31 December 1996.

Principal activities

The Company has an investment in an Indian conglomerate.

Review of business and future developments

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

The directors recommend the payment of a dividend of £3,000,000. The profit and loss surplus for the financial year of £2,590,192 will be transferred to reserves.

Directors

B D Bramley	(Resigned 30 April 1996)
P N Adams	
N Davis	(Resigned 31 March 1996)
K S Dunt	
A C Johnston	
R H Pilbeam	(Resigned 31 March 1996)
J Rembiszewski	

Directors' interests in the shares of the Company

The interests of those persons, who were directors at 31 December 1996, in the share capital and share option schemes of B.A.T Industries p.l.c. and its subsidiaries are disclosed in the Directors' Report of British-American Tobacco (Holdings) Limited. Details of the share option schemes are included in the Report and Accounts of B.A.T Industries p.l.c.

Myddleton Investment Company Limited**Report of the directors
for the year ended 31 December 1996****Directors' responsibilities**

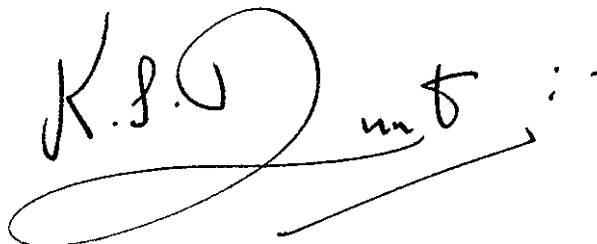
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select appropriate accounting policies and then apply them consistently, subject to any material departures being disclosed and explained;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless they consider that to be inappropriate.

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.

By order of the board

K S Dunt
Director:

A handwritten signature in black ink, appearing to read 'K.S. Dunt', with a large, sweeping underline that extends across the signature.

Dated: 26 MAR 1997

Auditors' Report to the Shareholders of Myddleton Investment Company Limited

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 affairs of the Company as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



26 MAR 1997

Price Waterhouse
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY.

Myddleton Investment Company Limited
**Profit and loss account
for the year ended 31 December 1996**

	<u>Notes</u>	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Administration expenses	2	3	2
Operating loss - continuing operations		<u>3</u>	<u>2</u>
Income from participating interests		486	1,174
Profit on ordinary activities before taxation		<u>483</u>	<u>1,172</u>
Tax on profit on ordinary activities	3	73	176
Profit on ordinary activities after taxation		<u>410</u>	<u>996</u>
Dividend proposed		3,000	950
Retained (loss)/profit for the year		<u>(2,590)</u>	<u>46</u>
Statement of retained profits			
Retained profits at 1 January		2,781	2,735
Retained (loss)/profit for the year		(2,590)	46
Retained profits at 31 December		<u>191</u>	<u>2,781</u>

There are no recognised gains and losses other than the profit for the financial year.

The notes on pages 7 to 10 form part of these financial statements.

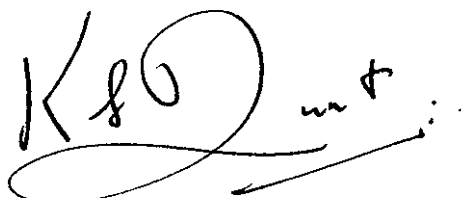
Myddleton Investment Company Limited

Balance Sheet - 31 December 1996

	<u>Notes</u>	<u>1996</u> <u>£000</u>	<u>1996</u> <u>£000</u>	<u>1995</u> <u>£000</u>	<u>1995</u> <u>£000</u>
Fixed assets					
Investments	4		1,516		1,516
Current assets					
Debtors	5	3,191		3,731	
Creditors: amounts falling due within one year	6	3,000		950	
		-----		-----	
Net current assets			191		2,781
			-----		-----
Total assets less current liabilities			1,707		4,297
			=====		=====
Capital and reserves					
Called up share capital	7		50		50
Other reserves	8		1,466		1,466
Profit and loss account			191		2,781
			-----		-----
Total shareholders' funds	9		1,707		4,297
			=====		=====
Equity interests			1,707		4,297
			-----		-----
Total shareholders' funds	9		1,707		4,297
			=====		=====

The financial statements on pages 5 to 10 were approved by the Directors on **26 MAR 1997** and are signed on their behalf by:

K S Dunt
Director:



The notes on pages 7 to 10 form part of these financial statements.

Myddleton Investment Company Limited**Notes to the financial statements
for the year ended 31 December 1996****1 Accounting policies**

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year and the previous year, is set out below. A cash flow statement is not submitted, as the Company, being a wholly owned subsidiary undertaking of a parent undertaking established under UK law, includes cash flow information in the financial statements of the parent undertaking.

1.1 Basis of accounting

The financial statements are prepared in accordance with Accounting Standards applicable in the United Kingdom and under the historical cost convention.

1.2 Translation of assets and liabilities

Assets and liabilities are translated at rates of exchange ruling at the end of the financial year. Transactions expressed in currencies other than sterling are translated into sterling at actual rates. Exchange differences on remittances are reflected in trading profit.

1.3 Investments valuation

Investments are shown at cost less provisions consistent with the concept of prudence.

1.4 Listed investments

The Stock Exchange value of listed investments at the year end is computed at middle market prices.

1.5 Accounting for income

Income is accounted for on a receivable basis. Where delays are anticipated in the receipt of monies from overseas companies, provision is made in accordance with the concept of prudence.

1.6 Taxation

No account is taken of taxation which may be payable on the realisation of investments, or in the event of the distribution of profits retained by the associated undertaking.

1.7 Deferred taxation

Deferred taxation is provided for on timing differences using the liability method to the extent that it is probable that the liability will crystallise. Timing differences arise on items of income and expenditure which are recognised for tax purposes in different periods from those in which they are recognised in the profit and loss account.

Myddleton Investment Company Limited

Notes to the financial statements for the year ended 31 December 1996

2 Administration expenses

None of the directors received any remuneration in respect of their services to the Company during the year. (1995 - Nil).

There were no employees, and no staff costs during the year (1995 - Nil).

Audit fees are paid by the parent undertaking.

3 Taxation	<u>1996</u>	<u>1995</u>
	<u>£000</u>	<u>£000</u>
United Kingdom corporation tax at 33.00% (1995: 33.00%)	278	673
Less: Double taxation relief	278	673
	----	----
	-	-
Overseas taxation	73	176
	----	----
	<u>73</u>	<u>176</u>
	====	====

4 Investments

Investments in associated companies

% Nominal
Value Held
Directly
Ordinary Shares of 10 Rupees each

4.1 Listed overseas - India

I.T.C. Limited, tobacco, hotels, oil seeds and edible oils, paper and packaging, international trading.
(Incorporated in India)
1996 Stock Exchange Valuation £59,384 thousand
(1995 £50,471 thousand)

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4.2 Shareholding at cost

I.T.C. Limited

<u>1996</u>	<u>1995</u>
<u>£000</u>	<u>£000</u>
1,516	1,516
====	====

4.3 The directors are of the opinion that the investments have an aggregate value of not less than the amount at which they are stated in the balance sheet.

Myddleton Investment Company Limited

Notes to the financial statements
for the year ended 31 December 1996

5 Debtors	<u>1996</u>	<u>1995</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due within one year		
Amounts owed by parent undertaking	3,191	3,731
	<u> </u>	<u> </u>

6 Creditors: amounts falling due within one year	<u>1996</u>	<u>1995</u>
	<u>£000</u>	<u>£000</u>
Dividend proposed	3,000	950
	<u> </u>	<u> </u>

7 Share capital	Ordinary Shares of £1 each	
	<u>1996</u>	<u>1995</u>
Authorised - value	<u>£50,000</u>	<u>£50,000</u>
number	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
value	<u>£50,000</u>	<u>£50,000</u>
number	<u>50,000</u>	<u>50,000</u>

8 Other reserves	<u>1996</u>	<u>1995</u>
	<u>£000</u>	<u>£000</u>
Capital reserves	1,466	1,466

Pre-acquisition reserves and inter-company loan which was subsequently waived

9 Reconciliation of movements in shareholders' funds	<u>1996</u>	<u>1995</u>
	<u>£000</u>	<u>£000</u>
Opening shareholders' funds	4,297	4,251
Profit attributable to shareholders for the year	410	996
Dividend proposed	(3,000)	(950)
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>1,707</u>	<u>4,297</u>

**Notes to the financial statements
for the year ended 31 December 1996**

10 Parent undertaking

The Company's ultimate parent undertaking is B.A.T Industries p.l.c., being incorporated in the United Kingdom and registered in England and Wales. Group accounts are prepared by B.A.T Industries p.l.c.

11 Copies of the report and accounts

Copies of the report and accounts of B.A.T Industries p.l.c. may be obtained from:

The Company Secretary
Windsor House
50, Victoria Street
London SW1H 0NL