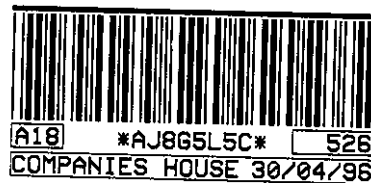


MYDDLETON INVESTMENT COMPANY LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1995

Registered no. 207434



Myddleton Investment Company Limited**Report of the directors
for the year ended 31 December 1995**

The directors present their report and the audited financial statements for the year ended 31 December 1995.

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 £950,000. The profit for the financial year of £45,915 will be transferred to reserves.

Directors

B D Bramley	(Chairman)
P N Adams	
N Davis	
K S Dunt	
A C Johnston	
R H Pilbeam	
J Rembiszewski	
D S Watterton	(Resigned 29 December 1995)

Directors' interests in the shares of the Company

The interests of those persons, who were directors at 31 December 1995, 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 Company Limited, of which this Company is a wholly owned subsidiary. 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 1995****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

Director:

R. H. PILBEAM



Dated:

29 MAR 1996

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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

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

29 March 1996

Myddleton Investment Company Limited

**Profit and loss account
for the year ended 31 December 1995**

	<u>Notes</u>	<u>1995</u> <u>£000</u>	<u>1994</u> <u>£000</u>
Administration expenses	2	2	2
Operating loss - continuing operations		2	2
Income from participating interests		1,174	955
Profit on ordinary activities before taxation		1,172	953
Tax on profit on ordinary activities	3	176	143
Profit on ordinary activities after taxation		996	810
Dividend proposed		950	-
Retained profit for the year		46	810
Statement of retained profits			
Retained profits at 1 January		2,735	1,925
Retained profit for the year		46	810
Retained profits at 31 December		2,781	2,735

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.

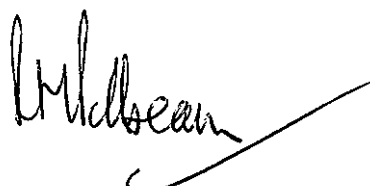
Balance Sheet - 31 December 1995

	<u>Notes</u>	<u>1995</u> <u>£000</u>	<u>1995</u> <u>£000</u>	<u>1994</u> <u>£000</u>	<u>1994</u> <u>£000</u>
Fixed assets					
Investments	4		1,516		1,516
Current assets					
Debtors	5	3,731		2,735	
Creditors: amounts falling due within one year	6	950		-	
		-----		-----	
Net current assets			2,781		2,735
			-----		-----
Total assets less current liabilities			4,297		4,251
			=====		=====
Capital and reserves					
Called up share capital	7		50		50
Other reserves	8		1,466		1,466
Profit and loss account			2,781		2,735
			-----		-----
Total shareholders' funds	9		4,297		4,251
			=====		=====
Equity interests			4,297		4,251
			-----		-----
Total shareholders' funds	10		4,297		4,251
			=====		=====

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

29 MAR 1996

Director:


R. H. PILBEAM

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 1995

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 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.

1.6 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.

1.7 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.

Myddleton Investment Company Limited

Notes to the financial statements for the year ended 31 December 1995

2 Administration expenses

None of the directors received any remuneration in respect of their services to the Company during the year. (1994 - Nil).

There were no employees, and no staff costs during the year (1994 - Nil).

Audit fees are paid by the parent undertaking.

3 Taxation

	<u>1995</u>	<u>1994</u>
	<u>£000</u>	<u>£000</u>
United Kingdom corporation tax at 33.00% (1994: 33.00%)	673	549
Less: Double taxation relief	673	549
	----	----
	-	-
Overseas taxation	176	143
	----	----
	176	143
	====	====

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)
1995 Stock Exchange Valuation £50,471 thousand
(1994 £83,672 thousand)

4

4.2 Shareholding at cost

I.T.C. Limited

<u>1995</u>	<u>1994</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 1995

5 Debtors	<u>1995</u>	<u>1994</u>
	<u>£000</u>	<u>£000</u>
Amounts falling due within one year		
Amounts owed by parent undertaking	3,731	2,735
	=====	=====
6 Creditors: amounts falling due within one year	<u>1995</u>	<u>1994</u>
	<u>£000</u>	<u>£000</u>
Dividend proposed	950	-
	=====	=====
7 Share capital	Ordinary Shares of £1 each	
	<u>1995</u>	<u>1994</u>
Authorised - value	£50,000	£50,000
number	50,000	50,000
Allotted, called up and fully paid value	£50,000	£50,000
number	50,000	50,000
	=====	=====
8 Other reserves	<u>1995</u>	<u>1994</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>1995</u>	<u>1994</u>
	<u>£000</u>	<u>£000</u>
Opening shareholders' funds	4,251	3,441
Profit attributable to shareholders for the year	996	810
Dividend proposed	(950)	-
	-----	-----
Closing shareholders' funds	4,297	4,251
	=====	=====

**Notes to the financial statements
for the year ended 31 December 1995**

10 Parent undertaking

The Company's parent undertaking is British-American Tobacco Company Limited and its ultimate parent undertaking is B.A.T Industries p.l.c., both being incorporated in the United Kingdom and registered in England and Wales. These are respectively the smallest and largest groups for which group accounts are prepared and of which this Company is a member.

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

Copies of the report and accounts of British-American Tobacco Company Limited may be obtained from:

The Company Secretary
Millbank
Knowle Green
Staines TW18 1DY