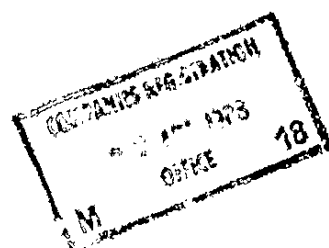


207434

MYDDLETON INVESTMENT COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 2ND JANUARY 1988



INDEX

| <u>Page</u> | <u>Title</u> |
|-------------|-------------------------|
| 1-2 | Directors' report |
| 3 | Auditors' report |
| 4 | Accounting policies |
| 5 | Profit and Loss Account |
| 6 | Balance Sheet |
| 7-8 | Notes to the accounts |

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 18th March, 1988 at 10.00 a.m.

The directors have pleasure in presenting their report and accounts for the year ended 2nd January, 1988.

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 | (appointed 26.1.87) |

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 share and loan capital of B.A.T Industries p.l.c. or its subsidiary companies at 2nd January, 1988.

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

£000's £000's

289

to which must be added the surplus at 28th December, 1986:

Other reserves

146

435

ACCOUNTS (continued)

£000's

An interim dividend was paid on 26th September,
1987 of

289

leaving a surplus to be carried forward
of

-

Other reserves

146

435

The directors recommend that the surplus be carried forward.

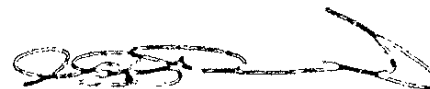
BUSINESS REVIEW

During the year the company received a dividend of £385,000 from its subsidiary company Tribeni Tissues Limited.

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



G.G. Daniel
Assistant Secretary

Gateway House
Basing View
Basingstoke
Hampshire RG21 2EE

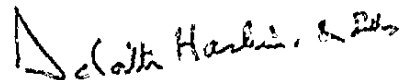
18th March, 1988

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

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

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 2nd January, 1988 and of its profit for the period then ended and comply with the Companies Act 1985.

The accounts do not specify the manner in which the operations of the Company have been financed or in which its financial resources have been used during the period as required by Statement of Standard Accounting Practice No. 10.



DELOITTE HASKINS & SELLS

Chartered Accountants

London

18th March, 1988

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. FOREIGN CURRENCIES

All foreign currencies have been translated to sterling at the rates of exchange ruling at 31st December, 1987.

MYDELETON INVESTMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 2nd January, 1988

| | Notes | 1987 53 weeks to 2nd January 1988 £000's | 1986 52 weeks to 27th December 1986 £000's |
|---|-------|--|--|
| Operating charges | 1 | - | (1) |
| Income from shares in subsidiary company | | <u>385</u> | <u>-</u> |
| Profit/(loss) on ordinary activities before taxation | | 385 | (1) |
| Taxation | 3 | <u>96</u> | <u>(10)</u> |
| Profit/(loss) on ordinary activities after taxation | | 289 | 9 |
| Dividends | | <u>289</u> | <u>1,863</u> |
| Net increase/(decrease) in reserves (Note 6, page 8) | | <u>-</u> | <u>(1,854)</u> |

MYDDLETON INVESTMENT COMPANY LIMITED

BALANCE SHEET as at 2nd January, 1988

| | Notes | 2nd January, 1988 £000's | 27th December, 1986 £000's |
|------------------------------|-------|--------------------------------|----------------------------------|
| ASSETS | | | |
| Fixed assets | | | |
| Investments: | | | |
| Group companies | 4 | 1,516 | 1,516 |
| Current assets | | | |
| Debtors | 5 | - | 543 |
| TOTAL ASSETS | | <u>1,516</u> | <u>2,059</u> |
| LIABILITIES | | | |
| Capital and reserves | | | |
| Share capital | | | |
| Authorised | | | |
| 50,000 ord shares of £1 each | | <u>50</u> | <u>50</u> |
| Issued | | | |
| 50,000 ord shares of £1 each | | 50 | 50 |
| Other reserves | 6 | <u>146</u> | <u>146</u> |
| Share capital and reserves | | <u>196</u> | <u>196</u> |
| Creditors | | | |
| Borrowings: | | | |
| Group companies | 7 | 1,320 | - |
| Other creditors | 8 | <u>-</u> | <u>1,863</u> |
| | | 1,320 | 1,863 |
| TOTAL FUNDS EMPLOYED | | <u>1,516</u> | <u>2,059</u> |

On behalf of the board

D. J. Davies

Directors

D. H. Craig

18th March, 1988

NOTES TO THE ACCOUNTS

| | 1987 £000's | 1986 £000's |
|--|----------------|----------------|
| 1. Operating charges | | |
| Raw materials and consumables | - | 1 |
| 2. Employees (including directors) | | |
| None of the directors received any emoluments during the year. | | |
| 3. Taxation | | |
| UK corporation tax | 188 | - |
| Double taxation relief | (188) | - |
| Overseas taxation | 96 | - |
| Adjustments re previous years | - | (10) |
| | <u>96</u> | <u>(10)</u> |

The U.K. corporation tax based on the chargeable profits of the year has been calculated at 35.00% (1986 36.25%).

4. Investments in Group companies

| | | |
|--------------------------------------|--------------|--------------|
| Shares in subsidiary company at cost | <u>1,516</u> | <u>1,516</u> |
|--------------------------------------|--------------|--------------|

(a) Details of the subsidiary Company are as follows:-

| Name of company | Country of incorporation and operation | Shares held | Percentage holding |
|-------------------------|--|---|--------------------|
| Tribeni Tissues Limited | India | 4,052,600 ordinary shares of Rs 10 each | 51.00 |

(b) 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.

| | 1987 £000's | 1986 £000's |
|---|----------------|----------------|
| 5. Debtors | | |
| Amounts owed by fellow subsidiary companies | - | 543 |

| | Other reserves £000's |
|-------------------------------------|-----------------------------|
| 6. Reserves | |
| Balance at 28th December, 1986 | 146 |
| Retained profit/(loss) for the year | <u>-</u> |
| | <u>146</u> |
| Balance at 2nd January, 1988 | |

| | 1987 £000's | 1986 £000's |
|--|----------------|----------------|
| 7. Borrowings | | |
| Loans from Group companies | | |
| Holding companies | <u>1,320</u> | <u>-</u> |
| The loan is non interest bearing and due for repayment on 22nd May, 1988. | | |
| 8. Other creditors | | |
| Amounts falling due within one year: | | |
| Dividends payable | <u>-</u> | <u>1,863</u> |

9. A statement of funds provided and applied has not been shown as the Company, being a wholly-owned subsidiary, is funded by the Holding Company and fellow subsidiaries.

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

11. These accounts were approved by the directors on 18th March, 1988.