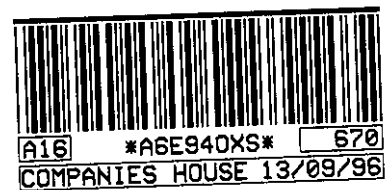


REGISTERED NUMBER: 1493404

THE LONDON TOBACCO COMPANY LIMITED

ACCOUNTS FOR THE YEAR ENDED

31ST MARCH 1996



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DIRECTORS' REPORT

The directors submit their report and the audited accounts for the year ended 31st March 1996.

Activities and Business Review

The Company's principal activity during the year continued to be the manufacture and sale of cigarettes.

The directors do not foresee that there will be any major change in the nature or scale of activity during the current financial year.

Dividends

The directors do not recommend the payment of a dividend (1995: Nil).

Fixed Assets

The movements during the year are summarised in note 8 to the accounts.

Directors

The directors of the Company during the year ended 31st March 1996 were:

E N Wingfield	
S James	(Resigned 14 July 1995)
A Phipkin	
C D Tomkinson	(Appointed 14 July 1995)

Directors' Interests

According to the register, kept under Section 325 of the Companies Act 1985, no director holding office at 31 March 1996 had any interest in the shares of the Company, its parent company or its fellow subsidiaries either at the beginning (or date of appointment) or end of the year.

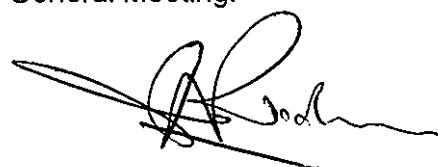
DIRECTORS' REPORT

Close Company Status

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply.

Auditors

The auditors, Coopers and Lybrand, are willing to continue in office and a resolution regarding their reappointment will be submitted to the Annual General Meeting.



On Behalf of the Board
J A Radburn
Secretary

Registered No: 1493404

Registered Office: Oxford Road
Aylesbury
Bucks
HP20 8SZ

PROFIT AND LOSS ACCOUNT
For The Year Ended 31st March 1996

	Notes	1996	1995
		£000	£000
Turnover	1	6,837	6,219
Cost of sales		(5,611)	(4,980)
Gross profit		1,226	1,239
Net operating expenses	2	(508)	(715)
Operating profit	3	718	524
Interest payable and similar charges	4	(100)	(107)
Profit for the financial year attributable to the shareholders		618	417
Profit and loss account brought forward		(11,960)	(12,377)
Profit and loss account carried forward		(11,342)	(11,960)

The results above all relate to continuing activities.

The Company has no recognised gains and losses other than those included in the profit above and therefore no separate statement of recognised gains and losses has been presented.

There are no movements in shareholders' funds other than those in respect of retained profits.

BALANCE SHEET
31st March 1996

	Notes	1996 £000	1995 £000
Fixed assets			
Tangible assets	8	249	288
Current assets			
Stocks	9	2,627	2,673
Debtors	10	1,878	1,301
		<u>4,505</u>	<u>3,974</u>
Creditors: amounts falling due within one year:	11	<u>(3,096)</u>	<u>(3,222)</u>
Net current assets		<u>1,409</u>	<u>752</u>
Net assets		<u>1,658</u>	<u>1,040</u>
Capital Employed			
Called up share capital	12	13,000	13,000
Profit and loss account		(11,342)	(11,960)
Equity shareholders' funds		<u>1,658</u>	<u>1,040</u>

The accounts were approved by the Board of Directors on 18th July 1996 and signed on its behalf by:

Director 

NOTES TO THE ACCOUNTS

1. Accounting Policies

a. Basis of Accounting

The accounts have been prepared on historical cost accounting principles and in accordance with applicable Accounting Standards in the United Kingdom. Information relating to significant accounting policies is set out in the following paragraphs.

b. Fixed Assets

The costs of fixed assets are depreciated over the expected economic life of the assets. The depreciation rate for plant and machinery is 10%.

c. Stocks

Stocks and work-in-progress are valued at the lower of cost and net realisable value. Cost comprises material cost plus direct labour, an appropriate proportion of overheads and, where applicable, duties and taxes.

d. Advertising, Promotion and Trade Marks

These expenses are written off in the year in which they are incurred and taken into account in arriving at profit for the year, except advertising and promotional costs relating to specific future events, which are carried forward to the accounting period in which those events take place.

e. Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Other exchange differences, including those arising from currency conversions in the usual course of trading, are taken into account in arriving at the profit for the year.

f. Turnover

Turnover is the net amount receivable by the Company from sales excluding value added taxes, tobacco duties and all other sales taxes.

g. Post Retirement Benefits

The cost of providing post retirement benefits is charged against profits on a systematic basis, with surpluses or deficits arising allocated over the expected remaining service lives of current employees.

2. Net operating expenses

	1996 £000	1995 £000
Distribution costs	416	349
Administrative expenses	446	464
Royalty receivable	(354)	(98)
	<hr/>	<hr/>
	508	715
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

3. Profit for the year

The profit for the year is stated after charging:

	1996 £000	1995 £000
Hire of plant	136	111
Auditors' remuneration for audit services	3	3
Depreciation	39	39
	<u> </u>	<u> </u>

4. Interest Payable and Similar Charges

	1996 £000	1995 £000
On bank loans and overdrafts and other loans wholly repayable within five years	100	107
	<u> </u>	<u> </u>

5. Employee Information

The average number of people employed during the year was 37 (1995: 34).
They were engaged in the following activities:

	1996	1995
Office and Management	5	5
Manufacturing	32	29
	<u> </u>	<u> </u>
	37	34
	<u> </u>	<u> </u>

The aggregate compensation of these employees was as follows:

	£000	£000
Wages and salaries	751	625
Social security costs	83	69
Other pension costs	201	168
	<u> </u>	<u> </u>
	1,035	862
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS

6. Directors' Remuneration

The directors did not receive any emoluments directly from the Company during the year or during the preceding year.

7. Taxation

There is no charge to taxation due to losses brought forward from previous years. Tax losses are available to be set off against future trading profits.

8. Tangible Fixed Assets

	Plant & Machinery £000
Cost:	
At 1st April 1995 and at 31st March 1996	388
	<hr/>
Depreciation:	
At 1st April 1995	100
Charge for year	39
	<hr/>
At 31st March 1996	139
	<hr/>
Net book amount At 31st March 1996	249
	<hr/>
At 31st March 1995	288
	<hr/>

9. Stocks	1996	1995
	£000	£000
Raw materials and consumables	1,594	1,804
Finished goods and goods for resale	1,033	869
	<hr/>	<hr/>
	2,627	2,673
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

10.	Debtors	1996 £000	1995 £000
	Amounts falling due within one year:		
	Trade debtors	1,778	1,210
	Amounts owed by fellow subsidiary undertakings	100	91
		<u>1,878</u>	<u>1,301</u>

11.	Creditors: Amounts falling due within one year:	1996 £000	1995 £000
	Trade creditors	101	297
	Amounts owed to parent company and fellow subsidiary undertakings	2,992	2,922
	Accruals	3	3
		<u>3,096</u>	<u>3,222</u>

12.	Share Capital	Authorised, Allotted, Called Up and Fully Paid	
		1996 £000	1995 £000
	Ordinary share capital in shares of £1 each	<u>13,000</u>	<u>13,000</u>

13. Ultimate and Immediate Parent Companies

The directors regard Compagnie Financière Richemont AG, a company incorporated in Switzerland, to be the ultimate parent company, and Rothmans International Tobacco (UK) Limited, a company registered in England and Wales, to be the immediate parent company for which group accounts are drawn up.

Copies of the group accounts of Compagnie Financière Richemont AG are available from its registered office at Rigistrasse 2, CH-6300 Zug, Switzerland.

NOTES TO THE ACCOUNTS

14. Employees' Pensions

The Company meets its obligations to employees through contributions to the Rothmans International UK Pension Fund which is a separate trustee administered scheme of the defined benefit type. The last actuarial valuation of the fund took place on the 31st March 1996 and disclosed that the actuarial value of assets was in excess of the estimated long term accrued liabilities. Particulars of the actuarial valuation are contained in the financial statements of the immediate parent undertaking, Rothmans International Tobacco (UK) Limited.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the auditors' statement of auditors' responsibilities set out on the next page, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 10 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The directors are required to use a going concern basis in preparing the financial statements unless this is inappropriate.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT

To the members of The London Tobacco Company Limited

We have audited the financial statements on pages 4 to 10.

Respective Responsibilities of Directors and Auditors

As described on page 11 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.

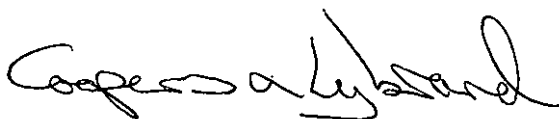
Basis of Opinion

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 state of affairs of the Company at 31st March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
London

18 July 1996