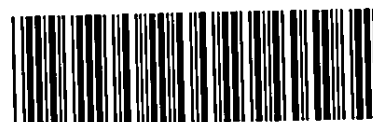


Company Number: 1860181

IMPERIAL TOBACCO LIMITED

Annual Report and Accounts 2008

FRIDAY



ACUR28IZ

A21

27/03/2009

304

COMPANIES HOUSE

Board of Directors

G Davis
R Dyrbus
G L Blashill
K Hill
K A Turner (Mrs)

Company Secretary

M R Phillips

Registered Office

PO Box 244
Upton Road
Bristol
BS99 7UJ

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
31 Great George Street
Bristol
BS1 5QD

Report of the Directors

The Directors submit their report together with the audited financial statements of the Company for the year to 30 September 2008.

Business review, principal activity and financial risk management

The principal activity of the Company is the manufacture, marketing and sale of tobacco and tobacco-related products.

During the year there was a change in a distribution arrangement with Imperial Tobacco International Limited, an indirect subsidiary of the Company. Imperial Tobacco International Limited previously recognised profit on the export of the Company's brands. Following the change Imperial Tobacco International Limited now only receives a margin to compensate it for its risks as distributor of these products. The remaining profit is recognised by the Company as manufacturer and brand owner.

The Company is a wholly owned subsidiary of Imperial Tobacco Group PLC (the "Group") and the Directors of the Group manage operations at a Group level. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Group's UK operations, which includes the Company, is discussed on pages 26 and 32 of the Group's Annual Report which does not form part of this report, but is available at www.imperial-tobacco.com.

In addition, the Directors of the Group manage the Group's risks at a Group level, rather than at an individual company level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group and the financial risk management of the Group, which include those of the Company, are discussed on pages 22 and 95 of the Group's Annual Report which does not form part of this report.

The principal operating subsidiaries of the Company are shown on pages 24 and 25. During the year the Company established an overseas branch in France.

Financial results and dividends

The results for the Company show profit for the financial year of £35 million (2007 restated: £426 million) and turnover of £4,733 million (2007: £4,808 million).

The Directors have declared dividends as follows:

<i>(In £'s million)</i>	2008	2007
Proposed final	-	350
	-	350

The aggregate dividends on the ordinary shares recognised as a charge to shareholders' funds during the year amount to £350 million (2007: £10 million).

The Directors do not recommend the payment of a final dividend for the year ended 30 September 2008.

Research and development

The Company recognises the importance of investing in research and development, which brings innovative improvements to the Company, both in the products supplied to the consumer and in production and marketing techniques.

Future outlook

We do not expect the introduction of public place smoking and display bans in the UK to have significant long term effects on the Company's business. The Company believes smokers will continue to choose to smoke regardless of regulations.

The Company believes it is well placed to continue in its market leading position in the UK due to its broad product and brand portfolio and the initiatives in the value and economy cigarette and fine cut tobacco sectors. This, along with the Company's commitment to sales and marketing excellence and focus on costs, efficiency and flexibility, has delivered a strong performance from which the Company seeks to strengthen its leadership position.

Board of Directors

The present Board of Directors is shown on page 1. Mr D Cresswell retired from the Board on 31 December 2007.

Report of the Directors

Employees

The Company's employment policies are designed to attract, retain, train and motivate the very best people, recognising that this can be achieved only through offering equal opportunities and fair consideration to applications for employment, career development and promotion regardless of gender, race, religion, age or disability. These policies also cover the continuation of employment and appropriate training for employees who become disabled during their period of employment.

To ensure employees can share in our success, the Company offers competitive pay and benefit packages and, wherever possible, links rewards to individual and team performance. Employees are encouraged to build an ownership stake in Imperial Tobacco Group PLC shares; opportunities to join Sharesave plans were offered during the year.

The Company is committed to providing an environment that encourages the continuous development of all its employees through skills enhancement and training programmes.

Employees are made aware of the financial and economic factors affecting the performance of the Company. To progress this aim further employee representatives are briefed on pan-European issues through a European Employee Forum.

Information concerning employees and their remuneration is given in note 3 to the accounts.

Charitable and political donations

During the year the Company made charitable donations in the UK of £9,000 (2007: £3,000). No political donations were made to EU political parties, organisations or candidates (2007: £nil).

Going concern

The Directors are satisfied that the Company has adequate resources to meet its operational needs for the foreseeable future and, accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Creditor payment policy

The Company's current policy concerning the payment of the majority of its trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU). For other suppliers, the Company's policy is to:

- a) agree the terms of payment with those suppliers when agreeing the terms of each transaction;
- b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- c) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

As at 30 September 2008, the Company's trade creditors represented 32 days (2007: 33 days) of trade purchases.

Report of the Directors

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that, with the exception of the changes to the accounting treatment of retirement benefits set out in the accounting policies note, they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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.

Auditors and disclosure of information to Auditors

Each of the Directors in office as of the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information (that is, information needed by the Company's Auditors in connection with preparing their report) of which the Company's Auditors are unaware; and
- they have each taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

In the absence of a notice proposing that the appointment of PricewaterhouseCoopers LLP as auditors to the Company should be brought to an end, the auditors will be deemed to be re-appointed for the next financial year.

By order of the Board



M R Phillips
Company Secretary
23 March 2009

Independent auditors' report to the members of Imperial Tobacco Limited

We have audited the financial statements of Imperial Tobacco Limited for the year ended 30 September 2008 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Directors and Advisors details. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Bristol

24 March 2009

Profit and loss account

for the year ended 30 September 2008

<i>(In £'s million)</i>	<i>Notes</i>	2008	Restated 2007
Turnover	1	4,733	4,808
Duty		(3,814)	(3,907)
Other cost of sales		(100)	(233)
Cost of sales		(3,914)	(4,140)
Gross profit		819	668
Distribution, advertising and selling costs		(109)	(108)
Administrative and other expenses		(174)	(116)
Operating profit	2	536	444
Income from shares in group undertakings		160	91
Profit on ordinary activities before interest and taxation		696	535
Net interest	4	(472)	(153)
Pension scheme net financing income	13	68	70
Profit on ordinary activities before taxation		292	452
Taxation	5	(257)	(26)
Profit for the financial year	15	35	426

All activities derive from continuing operations.

Statement of total recognised gains and losses

for the year ended 30 September 2008

<i>(In £'s million)</i>	<i>Notes</i>	2008	Restated 2007
Profit for the financial year		35	426
Actuarial (loss)/gain on pension scheme	13	(190)	157
Deferred tax relating to actuarial loss/(gain)	15	53	(47)
Total recognised (losses)/gains for the year		(102)	536
Prior year adjustment - FRS 17 Retirement benefits	15	417	
Total gains recognised since last annual report		315	

Balance sheet

at 30 September 2008

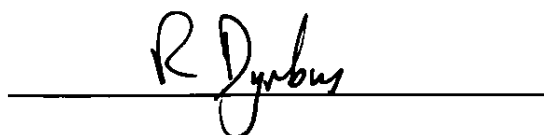
<i>(In £'s million)</i>	<i>Notes</i>	2008	Restated 2007
Fixed assets			
Tangible assets	7	129	147
Investments	8	14,724	3,688
		14,853	3,835
Current assets			
Stocks	9	115	87
Debtors	10	602	2,970
Cash		490	225
		1,207	3,282
Creditors: amounts falling due within one year	11	(13,222)	(5,697)
Net current liabilities		(12,015)	(2,415)
Total assets less current liabilities		2,838	1,420
Provisions for liabilities and charges	12	(42)	(17)
Net assets excluding pension asset		2,796	1,403
Pension asset	13	315	422
Net assets including pension asset		3,111	1,825
Capital and reserves			
Called up share capital	14	11	11
Share premium account	15	2,694	973
Profit and loss account	15	406	841
Equity shareholders' funds	19	3,111	1,825

The financial statements on pages 6 to 23 were approved by the Board of Directors on 23 March 2009 and signed on its behalf by:

G Davis
Director



R Dyrbus
Director



Accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 and UK Generally Accepted Accounting Principles. The principal accounting policies have been applied consistently with the exception of the changes to the accounting treatment of retirement benefits as set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

The Company is not required to produce consolidated accounts in accordance with section 228(1)(a) Companies Act 1985.

Changes in accounting policy and presentation

During the year the Company has made changes to its accounting policies, as follows:

FRS 17 "Retirement Benefits". During the year the Company has recognised the Imperial Tobacco Pension Fund in these financial statements as the "sponsoring company" in the scheme. In prior years the Company took the multi-employer exemption available under FRS 17 as it had not been possible to identify the underlying assets and liabilities on a consistent and reasonable basis.

Under a defined benefit scheme, the amount of retirement benefit that will be received by an employee is defined. The amount recognised in the balance sheet is the difference between the present value of the scheme liabilities at the balance sheet date and the market value of the scheme assets, net of deferred tax. The scheme liabilities are calculated annually by independent actuaries using the projected unit credit method. The present value of the scheme liabilities are determined by discounting the estimated future cash flows.

The service cost of providing retirement benefits to employees during the year is charged to operating profit.

Past service costs are recognised immediately in profit, unless the changes to the pension scheme are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight line basis over the average vesting period. All actuarial gains and losses, including differences between actual and expected returns on assets and differences that arise as a result of changes in actuarial assumptions are recognised immediately in full in the statement of total recognised gains and losses for the period in which they arise.

A credit representing the expected return on scheme assets during the year is included within pension scheme financing income/(cost). This is based on market value of the assets of the scheme at the start of the financial year. A charge is also made within pension scheme financing income/(cost) for the expected increase in the liabilities of the Scheme during the year. This arises from the Scheme being one year closer to payment.

The recognition of the entire scheme has been reflected in these financial statements as a prior year adjustment resulting in an increase in profit before taxation of £41 million (2007: £46 million). Shareholders' funds has increased at 1 October 2007 by £417 million (1 October 2006: £261 million).

Had the previous accounting policy been maintained during the year 30 September 2008, profit before taxation would have been £46 million lower.

Tangible fixed assets

Tangible fixed assets are shown at cost less depreciation. No depreciation is provided on freehold land. Depreciation of other fixed assets is calculated to write off their cost less residual values over their expected useful lives as follows:

Freehold and leasehold buildings	up to 50 years	(straight line)
Plant and equipment	3 to 19 years	(straight line/reducing balance)
Fixtures and motor vehicles	3 to 4 years	(straight line)

Impairment of fixed assets

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. Value in use is based on the present value of the future cash flows relating to the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Impairment losses are reversed where the recoverable amount increases because of a change in economic conditions or in the expected use of the asset.

Share-based payments

The cost of employees' services received in exchange for grant of rights under equity-based employee compensation schemes is measured at the fair value of the equity instruments granted and is expensed over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity instruments granted, excluding the impact of any non-market vesting conditions (e.g. Imperial Tobacco Group PLC's adjusted basic earnings per share). Non-market vesting conditions are included in the assumptions about the number of equity instruments that are expected to become exercisable. At each balance sheet date, the Company revises its estimates of the number of equity instruments that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity. The fair value is measured based on an appropriate valuation model, taking into account the terms and conditions upon which the equity instruments were granted.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method. Cost comprises raw materials, direct labour, other direct costs and related production overheads based on the normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Deferred taxation

Deferred taxation is provided in full on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

Turnover

Turnover comprises the invoiced value for the sale of goods net of sales taxes, rebates and discounts. Revenue from sales of goods is recognised when products delivered to the customer have been accepted and collectibility of the related receivables is reasonably assured. Sales of services which include fees for distributing third party products are recognised in the accounting period in which the services are rendered. Licence fees are recognised on an accruals basis in accordance with the substance of the relevant agreements.

Foreign currencies

Except where forward foreign exchange contracts apply, foreign currency transactions are initially recorded at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. Where forward foreign exchange contracts have been arranged foreign currency transactions are recorded at contracted rates.

Interest

Interest payable and receivable is recognised in the profit and loss account on an accruals basis.

Dividends

Final dividends payable and receivable are recognised as a liability or asset in the Company's financial statements in the period in which the dividends are approved by shareholders, while interim dividends are recognised in the period in which the dividends are paid.

Cash flow statement

The Company is a wholly-owned subsidiary of Imperial Tobacco Group PLC and is included in the financial statements of Imperial Tobacco Group PLC. Consequently, the Company has taken advantage of the exemption conferred by FRS 1 (revised) and not presented a cash flow statement.

Notes to the accounts

1 Segmental information

The Company is engaged in only one class of business; the manufacture, marketing and sale of tobacco and tobacco-related products.

Turnover is attributed solely to UK activities and accordingly no geographical analysis of turnover, operating profit or capital employed is shown.

2 Operating profit

<i>(In £'s million)</i>	2008	Restated 2007
Operating profit is stated after charging/(crediting):		
Changes in stocks of finished goods and work in progress (excluding excise duty)	(11)	(9)
Raw materials and consumables (excluding excise duty)	122	113
Employment costs (note 3)	141	150
Depreciation	24	21
Exchange movements	20	2
<i>(In £'s million)</i>	2008	2007
Auditors' fees and expenses:		
Audit fees in respect of the audit of the accounts of the Company	0.2	0.6
Other services relating to taxation	1.8	0.6
Services relating to corporate finance transactions	-	0.2
	2.0	1.4

It is the responsibility of the Board of Trustees of the Imperial Tobacco Pension Fund to appoint the auditors to the Scheme. The Board of Trustees acts independently of Company management. The fees paid to PricewaterhouseCoopers LLP in respect of the audit of the Imperial Tobacco Pension Fund were £25,170 (2007: £26,400).

Notes to the accounts

3 Directors and employees

Employment costs

<i>(In £'s million)</i>	2008	Restated 2007
Wages and salaries	95	94
Social security costs	10	13
Pension costs (note 13)	27	34
Share-based payments (note 18)	9	9
	141	150

Average number of persons employed by the Company during the year

<i>(Number)</i>	2008	2007
UK	1,602	1,699

Directors' emoluments

<i>(In £'s thousand)</i>	2008	2007
Emoluments ^{1/2}	5,453	5,730
LTIP annual vesting ³	2,747	3,313
SMS annual vesting ³	1,948	2,448
Emoluments of former Director ¹	310	184
LTIP vesting of former Director ^{1/3}	893	-
SMS vesting of former Director ^{1/3}	676	6
Total aggregate emoluments	12,027	11,681

¹ Dr F A Rogerson resigned from the Board on 1 July 2007. Dr Rogerson completed a handover period and his employment terminated 27 June 2008.

² D Cresswell retired from the Board on 31 December 2007.

³ During the year seven Directors exercised share options and received shares under the LTIP and SMS.

The emoluments of the highest paid Director were £3,898,145 (2007: £3,493,008), details of which are shown in the Annual Report of Imperial Tobacco Group PLC.

Directors' pensions

Retirement benefits are accruing under a defined benefit scheme, in respect of qualifying services of all of the Company's Directors.

The accrued pension of the highest paid Director, payable from normal retirement age and calculated as if he had left service at the year end, was £626,000 (2007: £557,000).

4 Net interest

<i>(In £'s million)</i>	2008	2007
Interest payable		
Group undertakings	475	232
Interest receivable		
Group undertakings	-	(79)
Other interest receivable and similar income	(3)	-
	(3)	(79)
	472	153

Notes to the accounts

5 Taxation

Analysis of charge in the year

<i>(In £'s million)</i>	2008	2007
UK		
Current tax		
Corporation tax at 29.0% (2007: 30.0%) being the average enacted rate for the year	69	19
Adjustments to current tax in respect of prior years	183	8
	252	27
Deferred tax		
Origination and reversal of timing differences	(6)	-
Effect of change in future tax rate	-	(1)
Movement in respect of pension scheme	11	-
	5	(1)
	257	26

Factors affecting the current tax charge for the year

The tax assessed for the year is higher (2007: lower) than the average enacted standard rate of corporation tax in the UK (29.0%). A reconciliation between the current tax charge at the average enacted standard UK rate and the actual current tax charge is shown below:

<i>(In £'s million)</i>	2008	Restated 2007
Profit on ordinary activities before taxation	292	452
Profit on ordinary activities multiplied by average enacted standard rate of corporation tax in the UK of 29.0% (2007: 30.0%)	85	136
Effects of:		
UK-UK transfer pricing adjustment	111	26
Group relief	(101)	(103)
Adjustments to tax charge in respect of prior years	183	8
Current year deferred tax	(5)	-
Dividends from other UK Group companies (non-taxable)	(46)	(27)
Other	25	(13)
Total current tax	252	27

The taxation charge for the year has been reduced by £101 million (2007: £103 million) due to group relief surrendered for nil consideration by other Imperial Tobacco Group PLC companies.

Factors that may affect future tax charges

The current tax charge benefits from the surrender of group relief. There is no guarantee that the surrender of group tax losses will occur in the future.

The current year tax rate of 29% arises from profits being taxed at 30% until 31 March 2008 and 28% thereafter. In the future profits will be subject to corporation tax at 28%.

Notes to the accounts

6 Dividends

Amounts recognised as distributions to ordinary shareholders in the year:

<i>(In £'s million)</i>	2008	2007
Final dividend for the year ended 30 September 2007 of £32.32 per share (2006: £0.92)	350	10
	350	10

A final dividend for the year ended 30 September 2008 has not been proposed.

7 Tangible fixed assets

<i>(In £'s million)</i>	Land and buildings	Plant and machinery	Fixtures and motor vehicles	Total
Cost				
As at 1 October 2007	31	247	78	356
Additions	-	7	14	21
Disposals	-	(20)	(3)	(23)
As at 30 September 2008	31	234	89	354
Accumulated depreciation				
As at 1 October 2007	11	152	46	209
Charge for the year	1	11	12	24
Disposals	-	(8)	-	(8)
As at 30 September 2008	12	155	58	225
Net book value				
As at 30 September 2008	19	79	31	129
As at 30 September 2007	20	95	32	147

Land and buildings at net book value:

<i>(In £'s million)</i>	2008	2007
Freehold	8	8
Long leasehold	11	12
	19	20

8 Fixed asset investments

<i>(In £'s million)</i>	Subsidiary undertakings	Imperial Tobacco Group PLC shares	Total
As at 1 October 2007	3,594	94	3,688
Additions	11,036	-	11,036
Purchase of shares	-	26	26
Satisfaction of share awards	-	(26)	(26)
As at 30 September 2008	14,630	94	14,724

Notes to the accounts

8 Fixed asset investments (continued)

Investment in subsidiary undertakings

Additions in the period were as follows:

Subscription for new shares in Imperial Tobacco Holdings (1) Limited, a company registered in England and Wales.
Société Nationalé d'Exploitation Industrielle des Tabacs et des Allumettes S.A., a company registered in France.
Imperial Tobacco France S.A.S., a company registered in France.
Tobaccor S.A.S., a company registered in France.
Rizla S.A.S., a company registered in France.

In the opinion of the Directors the value of the Company's shareholdings is not less than the amount stated in the balance sheet.

Investment in Imperial Tobacco Group PLC shares

The investment in Imperial Tobacco Group PLC shares consists of shares in Imperial Tobacco Group PLC held by the Imperial Tobacco Group PLC Employee and Executive Benefit Trust and the Imperial Group PLC 2001 Employee Benefit Trust (the Trusts). These Trusts have been established to acquire ordinary shares in Imperial Tobacco Group PLC, by subscription or purchase, from funds provided by Imperial Tobacco Limited to satisfy rights to shares arising on the exercise of share-based employee benefit schemes. At 30 September 2008, the Trusts held 4.9 million (2007: 4.8 million) ordinary shares all acquired in the open market at a cost of £93.9 million (2007: £94.2 million). The acquisition of shares by the Trusts has been financed by a gift of £19.2 million and an interest free loan of £180.6 million. None of the shares have been allocated to employees or Directors as at 30 September 2008. All finance costs and administration expenses connected with the Trusts are charged to the profit and loss account of Imperial Tobacco Limited as they accrue. The Trusts have waived their rights to dividends.

The market value of the shares at 30 September 2008 was £88 million (2007: £107 million).

9 Stocks

<i>(In £'s million)</i>	2008	2007
Raw materials	62	45
Work in progress	2	2
Finished goods	51	40
	115	87

It is generally recognised industry practice to classify leaf tobacco stocks as a current asset although part of such stock, because of the duration of the processing cycle, ordinarily would not be consumed within one year. Leaf tobacco held within raw material stocks at the balance sheet date will ordinarily be utilised within two years.

10 Debtors

<i>(In £'s million)</i>	2008	Restated 2007
Amounts falling due within one year		
Trade debtors	538	541
Amounts owed by parent company and fellow subsidiary undertakings	-	311
Amounts owed by subsidiary undertakings	59	2,116
Other debtors and prepayments	5	2
	602	2,970

Notes to the accounts

11 Creditors

<i>(In £'s million)</i>	2008	2007
Amounts falling due within one year		
Bank overdrafts	205	105
Trade creditors	53	35
Amounts owed to parent company and fellow subsidiary undertakings	-	297
Amounts owed to subsidiary undertakings	12,051	4,603
Corporation tax	241	26
Other taxes, duties and social security contributions	625	592
Other creditors	-	18
Accruals and deferred income	47	21
	13,222	5,697

12 Provisions for liabilities and charges

<i>(In £'s million)</i>	Reorganisation and rationalisation	Deferred taxation	Other	Total
As at 1 October 2007	1	15	1	17
Provided/(released) in the year	42	(6)	1	37
Utilised in the year	(12)	-	-	(12)
As at 30 September 2008	31	9	2	42

The reorganisation and rationalisation provision relates primarily to the planned closure of the Bristol Cigar factory and a significant headcount reduction at the Nottingham Cigarette factory announced during the current year. The provision is expected to be utilised within the next two years.

The amounts provided for deferred taxation and the amounts unprovided were as follows:

<i>(In £'s million)</i>	Provided		Unprovided	
	2008	2007	2008	2007
Excess of capital allowances	14	15	-	-
Chargeable gains on property	-	-	5	5
Short-term timing differences	(5)	-	-	-
	9	15	5	5

The analysis of deferred taxation provided does not include the full potential liability in relation to the Imperial Tobacco Pension Fund which has been deducted from the pension asset (note 13).

Notes to the accounts

13 Pensions

The Company participates, together with other Group companies, in a pension scheme for its employees, the Imperial Tobacco Pension Fund ("the Scheme"), which is of a defined benefit type. The assets of the Scheme are held in trustee administered funds. The Scheme provides retirement benefits on the basis of members' final salary. As it has not been possible to identify the underlying assets and liabilities attributable to each participating company on a consistent and reasonable basis the Company recognises the entire scheme in these financial statements as the "sponsoring company" in the Scheme.

The results of the most recent available actuarial valuation of the Scheme have been updated to 30 September 2008 by Watson Wyatt Limited, actuaries and consultants, in order to determine the amounts to be included in the balance sheet and profit and loss account.

Amounts recognised in the profit and loss account

<i>(in £s million)</i>	2008	2007
Analysis of amount charged to operating profit:		
Current service cost	26	28
Special termination benefit cost	1	10
Curtailement gain	-	(4)
Total operating charge	27	34
Analysis of amount charged/(credited) to other financing income:		
Expected return on pension scheme assets	(205)	(190)
Interest on pension scheme liabilities	137	120
Pension scheme net financing income	(68)	(70)
Net income to profit on ordinary activities before taxation	(41)	(36)

Pension costs are charged to the operating profit as follows:

<i>(in £s million)</i>	2008	2007
Cost of sales	15	20
Distribution, advertising and selling costs	7	8
Administrative and other expenses	5	6
Total operating charge	27	34

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

<i>(in £s million)</i>	2008	2007
Actual return less expected return on pension scheme assets	(590)	125
Experience loss arising on scheme liabilities	(10)	(13)
Gain on changes in assumptions underlying the present value of the scheme liabilities	410	45
Actuarial (loss)/gain recognised in the STRGL	(190)	157

Amount recognised in the balance sheet

<i>(in £s million)</i>	2008	2007
Total market value of assets	2,471	2,990
Present value of scheme liabilities	(2,034)	(2,404)
Surplus in scheme	437	586
Related deferred tax liability	(122)	(164)
Pension asset	315	422

Notes to the accounts

13 Pensions (continued)

Movement in market value of scheme assets

<i>(in £s million)</i>	2008	2007
Market value of scheme assets at beginning of year	2,990	2,805
Expected return	205	190
Actuarial (loss)/gain taken in statement of total recognised gains and losses	(590)	125
Contributions by employees	1	1
Contributions by employer	-	10
Benefits paid	(135)	(141)
Market value of scheme assets at end of year	2,471	2,990

The actual return on scheme assets was a loss of £385 million (2007: gain £315 million).

Movement in present value of scheme liabilities

<i>(in £s million)</i>	2008	2007
Present value of scheme liabilities at beginning of year	2,404	2,422
Current service cost	26	28
Interest cost	137	120
Actuarial gain taken in statement of total recognised gains and losses	(400)	(32)
Contributions by employees	1	1
Benefits paid	(135)	(141)
Special termination benefit cost	1	10
Curtailment gain	-	(4)
Present value of scheme liabilities at end of year	2,034	2,404

Principal actuarial assumptions used

	2008	2007
Discount rate	7.30%	5.90%
Expected return on scheme assets	6.84%	7.08%
Future salary increases	4.90%	5.15%
Future pension increases	3.40%	3.40%
Inflation	3.40%	3.40%

The average life expectancy, in years, of a pensioner retiring at age 65 is as follows:

	2008	2007
Life expectancy at age 65 (years):		
Member currently aged 65		
- Men	19.6	19.5
- Women	21.4	21.3
Life expectancy at age 65 (years):		
Member currently aged 50		
- Men	20.6	20.6
- Women	22.3	22.2

Notes to the accounts

13 Pensions (continued)

The assets in the Scheme and their expected rates of return

<i>(In £'s millions unless otherwise indicated)</i>	Long term rate of expected return	2008	Long term rate of expected return	2007
Equities	8.2%	1,211	8.1%	1,794
Bonds	5.2%	988	5.1%	837
Property	6.8%	272	6.8%	329
Other	4.7%	-	4.9%	30
Total market value of assets		2,471		2,990

The derivation of the overall expected return on assets reflects the actual asset allocation at the measurement date combined with an expected return for each asset class. The bond return is based on current market yields. The corporate bond yield has been reduced to allow for an element of default risk. The return on equities and property is based on a number of factors including:

- the income yield at the measurement date;
- the long term growth prospects for the economy in general;
- the long term relationship between each asset class and bond returns; and
- the movement in market indices since the previous measurement date.

Excluding any self-investment through pooled fund holdings, the Imperial Tobacco Pension Fund has no investments (2007: £nil) in Imperial Tobacco Group PLC's own financial instruments.

History of the scheme for current year and prior years

<i>(in £s million)</i>	2008	2007
Total market value of assets	2,471	2,990
Present value of scheme liabilities	(2,034)	(2,404)
Surplus in scheme	437	586
Experience adjustments on scheme assets	(590)	125
Experience adjustments on scheme liabilities	(10)	(13)

An actuarial valuation of the Scheme (the triennial valuation, for funding purposes) was made at 31 March 2007 by Watson Wyatt Limited. The assumptions which had the most significant effect when valuing the Scheme's liabilities were those relating to the rate of investment return on the Scheme's existing assets, the rates of increase in pay and pensions and estimated mortality rates. On the basis that the Scheme is continuing it was assumed that the future investment returns relative to market values at the valuation date would be 5.20% per annum and that pay and pension increases would average 4.5% and 3.0% respectively. The assets were brought into account at their market value.

At 31 March 2007 the market value of the invested assets of the Scheme was £2,951 million. The total assets were sufficient to cover 114% of the benefits that had accrued to members for past service, after allowing for expected future pay increases. The total assets were sufficient to cover 102% of the total benefits that had accrued to members for past service and future service benefits for current members. As there is no actuarial deficiency, with effect from 31 March 2007 no employer contributions are required. The financial position of the Scheme and the level of contributions to be paid will be reviewed at the next triennial valuation, which is expected to be completed by the end of 2010 and will consider the Scheme as at 31 March 2010.

Notes to the accounts

14 Called up share capital

<i>(In £'s million)</i>	2008	2007
Authorised		
100,000,000 ordinary shares of £1 each (2007: 100,000,000)	100	100
Issued and fully paid		
10,830,020 ordinary shares of £1 each (2007: 10,830,000)	11	11

During the year the Company issued a total number of 20 ordinary shares of one pound each. Of the £1,720,707,349.81 raised, £20.00 was credited to share capital and the remaining £1,720,707,329.81 was credited to the share premium account.

15 Reserves

<i>(In £'s million)</i>	Share premium account	Restated Profit and loss account
As at 1 October 2007 as previously stated	973	424
Prior year adjustment - FRS 17 Retirement benefits	-	417
As at 1 October 2007 as restated	973	841
Premium on issuing shares	1,721	-
Profit for the financial year	-	35
Dividends paid	-	(350)
Actuarial loss on pension scheme	-	(190)
Deferred tax relating to actuarial loss	-	53
Share-based payments reserves credit	-	17
As at 30 September 2008	2,694	406

16 Capital commitments

<i>(In £'s million)</i>	2008	2007
Contracted but not provided for	2	6

17 Legal proceedings

As far as Imperial Tobacco is aware, there are no active or threatened proceedings against the Company in respect of alleged smoking and health-related litigation.

In August 2003 the Company received a notice from the Office of Fair Trading ("OFT") requiring the provision of documents and information relating to an investigation under UK competition law. In April 2008 the OFT released a press statement indicating that it proposed to issue a statement of objections ("SO") to a number of retailers and two tobacco manufacturers, including Imperial Tobacco. Imperial Tobacco's detailed written response to the SO was submitted to the OFT in August 2008. An oral hearing was held on 3 December 2008 for Imperial Tobacco's representatives to make submissions to the OFT in defence of its allegations.

In light of the responses it receives to the SO, the OFT may decide to close the investigation, present additional evidence by issuing a supplemental SO, or proceed to an infringement decision. In the event that the OFT decides that Imperial Tobacco has infringed UK competition law, it may impose a fine, calculated by reference to, ultimately, the turnover of the Group. If the OFT were subsequently to make an infringement finding against us, we would be able to appeal the finding to the Competition Appeal Tribunal ("CAT").

The CAT has the right to conduct a full rehearing of the facts considered by the OFT and overturn or adjust any penalty that the OFT imposed. There is a further right to appeal from the CAT to the Court of Appeal, which is limited to appeal on a point of law. In respect of the OFT enquiry, we have not provided for any amounts in the financial statements in this or any preceding year. The Company takes compliance law very seriously and rejects any suggestion that we have acted in any way contrary to the interests of consumers.

Notes to the accounts

18 Share Schemes

The Company recognised total expenses of £9 million (2007: £9 million) related to share-based payment transactions during the year (note 3).

During the period, Imperial Tobacco Group operated a number of share-based employee benefit schemes as follows:

Sharesave Plan

Under the Sharesave Plan, which is part of the Group's International Plan, the Imperial Tobacco Group Board may offer options to purchase ordinary shares in Imperial Tobacco Group PLC to employees who enter into an HM Revenue and Customs approved Save as You Earn (SAYE) savings contract. The options may normally be exercised during the six months after the expiry of the SAYE contract, either three or five years after entering the Plan.

Long Term Incentive Plan (LTIP)

Each year since 1996, annual awards have been made to Directors and other senior executives. The awards, which vest three years after grant, are subject to the satisfaction of specified performance criteria, measured over a three year performance period. Further information relating to the performance criteria and the terms of the plan are set out in the Annual Report of Imperial Tobacco Group PLC.

In respect of the November 2004 - November 2007 award 91.8% of the award vested on 9 November 2007.

In respect of the November 2005 - November 2008 award approximately 66.3% of the award vested on 25 November 2008.

Share Matching Scheme

The Share Matching Scheme is designed to encourage employees to acquire and retain Imperial Tobacco Group PLC ordinary shares.

For Directors and most of the Company's management, individuals may elect to invest any proportion of their gross bonus (capped at 70% of base salary for Mrs K Turner and K Hill, 75% for G Blashill, and 100% for the other Directors) in Imperial Tobacco Group PLC ordinary shares to be held by the Employee Benefit Trusts. Provided that the shares are left in the Trusts for three years, and the individual remains in employment with the Group, the participant will receive the original shares plus additional shares. The matching ratio for bonuses is 1:1 to encourage Directors and managers to build a meaningful shareholding in the Group.

In respect of investments made by Messrs Davis, Dyrbus and Blashill under the Share Matching Scheme a performance criterion is applied to the matched shares such that matching only occurs if Imperial Tobacco Group PLC has achieved real average earnings per share growth in excess of 3 per cent after adjusting for UK inflation over the three year retention period.

Date of grant	Granted (adjusted)	Outstanding at 1 October 2006 (adjusted)	Year from 1 October 2007 to 30 September 2008					Exercisable at end of year
			Outstanding at start of year (adjusted)	Exercisable at start of year (adjusted)	Exercised in year (adjusted)	Lapsed / Cancelled in year (adjusted)	Outstanding at end of year	
Sharesave options								
31 May 2002	887,746	326,099	16,610	16,610	(16,610)	-	-	-
4 June 2003	669,309	204,488	168,195	-	(136,159)	(3,327)	28,709	28,709
26 May 2004	437,732	386,438	136,286	14,629	(17,792)	(2,546)	115,948	-
23 May 2005	411,485	392,436	335,932	-	(184,101)	(7,422)	144,409	20,342
22 May 2006	354,011	350,859	314,380	-	(4,753)	(10,371)	299,256	-
29 May 2007	323,938	-	322,524	-	(3,277)	(15,470)	303,777	-
13 June 2008	218,231	-	-	-	-	(1,501)	216,730	-
	3,302,452	1,660,320	1,293,927	31,239	(362,692)	(40,637)	1,108,829	49,051
Conditional awards								
Share matching scheme								
29 January 2005	407,504	348,115	348,115	-	(345,430)	(2,685)	-	-
15 February 2006	403,423	382,479	382,479	-	(8,912)	(7,837)	365,730	-
15 February 2007	337,345	-	328,911	-	(3,488)	(10,574)	314,849	-
15 February 2008	381,947	-	-	-	(739)	(8,599)	372,609	-
	1,530,219	730,594	1,059,505	-	(358,569)	(29,695)	1,053,188	-
Long term incentive plan								
9 November 2004	280,097	236,518	232,247	-	(213,018)	(19,229)	-	-
2 November 2005	349,109	347,141	343,864	-	(22,364)	(29,660)	291,840	-
1 November 2006	322,476	-	319,746	-	(12,497)	(31,010)	276,239	-
31 October 2007	258,791	-	-	-	-	-	258,791	-
	1,210,473	583,659	895,857	-	(247,879)	(79,899)	826,870	-
Total options/awards	6,043,144	2,974,573	3,249,289	31,239	(969,140)	(150,231)	2,988,887	49,051

Notes to the accounts

18 Share Schemes (continued)

Date of grant	Year from 1 October 2006 to 30 September 2007*			Year from 1 October 2007 to 30 September 2008*		
	Share price at grant date	Share price at date of exercise for shares exercised during the year	Contractual life of options/awards outstanding at end of year	Share price at date of exercise for shares exercised during the year	Contractual life of options/awards outstanding at end of year	Exercise price of options/awards outstanding at end of year
	(adjusted) (In £'s)	(adjusted) (In £'s)	(Months)	(adjusted) (In £'s)	(Months)	(adjusted) (In £'s)
Sharesave options						
31 May 2002	10.04	18.64	3	21.97	n/a	n/a
4 June 2003	9.38	17.93	16	18.26	4	7.14
26 May 2004	10.68	18.71	25	21.84	16	8.76
23 May 2005	12.85	18.60	25	18.25	24	10.19
22 May 2006	14.23	19.28	36	20.57	24	12.12
29 May 2007	18.65	n/a	50	19.87	38	14.96
13 June 2008	20.05	n/a	n/a	n/a	48	17.50
Conditional awards						
Share matching scheme						
29 January 2005		17.96	4	20.70	n/a	n/a
15 February 2006		17.93	17	22.21	5	n/a
15 February 2007		19.41	29	22.20	17	n/a
15 February 2008		n/a	n/a	18.75	29	n/a
Long term incentive plan						
9 November 2004		18.62	1	20.62	n/a	n/a
2 November 2005		16.76	13	21.75	1	n/a
1 November 2006		18.59	25	21.77	13	n/a
31 October 2007		n/a	n/a	n/a	25	n/a

* All measures in these columns are weighted averages

The exercise price of options/awards is fixed over the life of each option/award, except as described below.

Following an Imperial Tobacco Group rights issue announced during the year, adjustments were made to the share plans. In respect of the Share Matching Scheme, the Trustees sold sufficient rights 'nil paid' to enable the balance of the rights to be taken up. In the case of the Sharesave and LTIP schemes the number of shares under option, or subject to awards, were adjusted. In the case of the Sharesave Plan the option price was also adjusted. Details of the rights issue are shown in the Annual Report of Imperial Tobacco Group PLC.

Notes to the accounts

18 Share Schemes (continued)

The weighted average exercise prices were:

	2008	2007
Outstanding at the start of the year	£11.26	£9.24
Granted during the year	£17.50	£14.96
Exercised during the year	£8.88	£7.88
Lapsed/cancelled during the year	£12.87	£10.26
Outstanding at the end of the year	£13.23	£11.26
Exercisable at the end of the year	£8.46	£7.91

The weighted average fair value of options granted during the year was £5.00 (2007: £4.62).

Pricing

For the purposes of valuing awards to calculate the share-based payment charge, the Black-Scholes option pricing model has been used for all the share option and share matching schemes and for the LTIPs except for the LTIPs granted since November 2005, where the Monte Carlo model has been used.

A summary of the assumptions used in the Black-Scholes model for 2008 and 2007 is as follows:

	2008		2007	
	Sharesave	Share match	Sharesave	Share match
Risk-free interest rate	5.4% - 5.5%	4.1%	5.4% - 5.6%	5.2%
Volatility	24.0% - 26.0%	21.0%	15.0% - 20.0%	17.0%
Expected lives of options granted	3 - 5 yrs + 6 mths	3 yrs	3 - 5 yrs + 6 mths	3 yrs
Dividend yield	3.3%	3.3%	3.6%	3.6%
Fair value	£4.85 - £5.30	£19.18	£4.34 - £5.00	£17.40
Share price used to determine exercise price	£21.87	£21.17	£18.69	£19.40
Exercise price	£17.50	n/a	£14.96	n/a

Market condition features were incorporated into the Monte Carlo model for the total shareholder return elements of the LTIP, in determining fair value at grant date. Assumptions used in this model were as follows:

	2008	2007
Future Imperial Tobacco Group share price volatility	18.0%	15.0%
Future Imperial Tobacco Group dividend yield	3.3%	3.6%
Share price volatility of tobacco and alcohol comparator group	12.0% - 27.0%	13.0% - 21.0%
Share price volatility of FTSE 100 comparator group	11.0% - 71.0%	11.0% - 46.0%
Correlation between Imperial Tobacco and the companies in the alcohol and tobacco comparator group	23.0%	26.0%
Correlation between Imperial Tobacco and the companies in the FTSE 100 comparator group	30.0%	20.0%

For both the Black-Scholes and the Monte Carlo model, volatility is determined based on the three or five year share price history (the time period being determined by the length of the scheme).

Notes to the accounts

19 Reconciliation of movements in shareholders' funds

<i>(In £'s million)</i>	2008	Restated 2007
Profit for the financial year	35	426
Dividends paid	(350)	(10)
(Loss)/profit for the year	(315)	416
New ordinary shares issued	1,721	-
(Loss)/gain relating to pensions (net of deferred tax)	(137)	110
Share-based payments reserves credit	17	15
Net addition to shareholders' funds	1,286	541
Opening shareholders' funds as previously stated	1,408	1,023
Prior year adjustment - FRS 17	417	261
Opening shareholders' funds as restated	1,825	1,284
Closing shareholders' funds	3,111	1,825

20 Related party transactions

The Company has taken advantage of the group dispensation permitted under FRS 8 "Related Party Transactions" for 90% and greater subsidiaries, not to disclose intra group transactions undertaken during the period.

21 Contingent liabilities

Together with Imperial Tobacco Group PLC, Imperial Tobacco Finance PLC and Imperial Tobacco Enterprise Finance Limited, fellow subsidiaries of Imperial Tobacco Group PLC, the Company guarantees all outstandings under a Credit Facility dated 18 July 2007; and from 31 May 2002 all existing issues from a €10 billion debt issuance programme.

From 10 February 2003, the Company is also a guarantor together with Imperial Tobacco Group PLC for US \$600 million guaranteed notes issued by Imperial Tobacco Overseas B.V., a fellow subsidiary of Imperial Tobacco Group PLC.

At 30 September 2008, the contingent liabilities totalled £10,701 million (2007: £5,218 million).

22 Immediate and ultimate parent undertakings

The ultimate parent undertaking and controlling party of Imperial Tobacco Limited at 30 September 2008 was Imperial Tobacco Group PLC, a company incorporated in Great Britain and registered in England and Wales whose consolidated financial statements may be obtained from The Company Secretary, PO Box 244, Upton Road, Bristol, BS99 7UJ.

The immediate parent undertaking of Imperial Tobacco Limited at 30 September 2008 was Imperial Tobacco Holdings Limited, a company incorporated in Great Britain and registered in England and Wales.

Principal Subsidiaries

The principal wholly owned subsidiaries of the Company, all of which are unlisted, are shown below.

Registered in England and Wales

Name	Principal activity
Imperial Tobacco Finance PLC*	Finance company
Imperial Tobacco Overseas Holdings (3) Limited*	Holding investments in subsidiary companies
Imperial Tobacco International Limited*	Export and marketing of tobacco products

Incorporated overseas

Name and country of incorporation	Principal activity
Altadis S.A., Spain	Manufacture, marketing, sale and distribution of tobacco products in Spain
Altadis Distribution France S.A.S., France	Distribution of tobacco products in France
Altadis Financial Services, S.N.C. ¹ , France	Finance company
Altadis USA Inc. ¹ , United States of America	Manufacture, marketing and sale of cigars in the United States of America
Altadis Middle East Fzco., United Arab Emirates	Marketing and sale of tobacco products in the Middle East
Altadis Maroc, S.A., Morocco	Manufacture, marketing, sale and distribution of tobacco products in Morocco
Commonwealth Brands Inc.*, United States of America	Manufacture, marketing and sale of tobacco products in the United States of America
Compañía de Distribución Integral Logista, S.A., Spain	Distribution of tobacco products and related services in Spain
Dunkerquoise des Blends S.A.*, France	Tobacco processing in France
Ets. L. Lacroix Fils N.V.*, Belgium	Manufacture, marketing and sale of tobacco products in Belgium
Imperial Tobacco (Asia) Pte. Ltd.*, Singapore	Marketing and sale of tobacco products in South East Asia
Imperial Tobacco Australia Limited*, Australia	Marketing and sale of tobacco products in Australia
Imperial Tobacco CR s.r.o.*, Czech Republic	Marketing and sale of tobacco products in the Czech Republic
Imperial Tobacco Finland Oy, Finland	Marketing and sale of tobacco products in Finland
Imperial Tobacco Hellas S.A.*, Greece	Marketing and sale of tobacco products in Greece
Imperial Tobacco Italy Srl*, Italy	Marketing of tobacco products in Italy
Imperial Tobacco Magyarországi Dohányforgalmazó Kft*, Hungary	Marketing and sale of tobacco products in Hungary
Imperial Tobacco Mullingar*, Republic of Ireland	Manufacture of fine cut tobacco in the Republic of Ireland
Imperial Tobacco New Zealand Limited*, New Zealand	Manufacture, marketing and sale of tobacco products in New Zealand
Imperial Tobacco Norway A.S.*, Norway	Marketing and sale of tobacco products in Norway
Imperial Tobacco Overseas B.V.*, the Netherlands	Finance company
Imperial Tobacco Polska S.A., Poland	Manufacture, marketing and sale of tobacco products in Poland
Imperial Tobacco Sales & Marketing LLC*, Russia	Marketing and sale of tobacco products in Russia
Imperial Tobacco Sigara ve Tutunculuk Sanayi ve Ticaret A.S.*, Turkey	Marketing and sale of tobacco products in Turkey
Imperial Tobacco Slovakia A.S., Slovak Republic	Manufacture, marketing and sale of tobacco products in the Slovak Republic
Imperial Tobacco Tutun Urunleri Satış ve Pazarlama A.S.*, Turkey	Manufacture of tobacco products in Turkey
Imperial Tobacco Ukraine*, Ukraine	Marketing and sale of tobacco products in Ukraine
John Player & Sons Limited*, Republic of Ireland	Marketing and sale of tobacco products in the Republic of Ireland
John Player S.A., Spain	Marketing and sale of tobacco products in Spain
Logista Italia. S.p.A, Italy	Distribution of tobacco products in Italy
Reemtsma Cigarettenfabriken GmbH*, Germany	Manufacture, marketing and sale of tobacco products in Germany
Reemtsma International Asia Services Limited*, China	Marketing of tobacco products in China
OOO Reemtsma Volga Tabakfabrik*, Russia	Manufacture of tobacco products in Russia
Skruf Snus AB*, Sweden	Manufacture, marketing and sale of tobacco products in Sweden
Société Allumetière Française S.A.S., France	Distribution of wholesale goods in France
Société Nationale d'Exploitation Industrielle des Tabacs et des Allumettes S.A., France	Manufacture, marketing and sale of tobacco products in France and export of tobacco products
Supergroup S.A.S., France	Distribution of wholesale goods in France
Tobaccor S.A.S., France	Holding investments in subsidiary companies involved in the manufacture, marketing and sale of tobacco products in Africa
Van Nelle Canada Limited*, Canada	Manufacture of tubes and sale of tobacco products in Canada
Van Nelle Tabak Nederland B.V.*, the Netherlands	Manufacture, marketing and sale of tobacco products in the Netherlands

Principal Subsidiaries (continued)

The subsidiaries marked * are wholly owned and were held throughout the year with the exception of Skruf Snus AB of which the remaining 57% was acquired in June 2008 and Imperial Tobacco Polska S.A. of which the remaining 0.1% was acquired in July 2008.

The remaining wholly owned subsidiaries were acquired through the acquisition of Altadis on 25 January 2008 with the exception of Compañía de Distribución Integral Logista, S.A., of which 59.63% was acquired with Altadis, 37.29% acquired on 6 May 2008 and 3.08% acquired on 9 June 2008, and which wholly owns Logista Italia. S.p.A.

The principal partly owned subsidiaries of the Company, with the exception of Altadis Polska, S.A., ZAO Balkanskaya Zvezda and 800 JR Cigar Inc. which were acquired with Altadis, were held throughout the year, are shown below. All are unlisted unless otherwise indicated.

Incorporated overseas		Percentage owned ¹
Name and country of incorporation	Principal activity	
Altadis Polska, S.A., Poland	Manufacture of tobacco products in Poland	99.9
ZAO Balkanskaya Zvezda, Russia	Manufacture of tobacco products in Russia	99.9
Imperial Tobacco Production Ukraine, Ukraine	Manufacture of cigarettes in Ukraine	99.8
800 JR Cigar Inc. ³ , United States of America	Holding investments in subsidiary companies	51.0
Reemtsma Kyrgyzstan OJSC, Kyrgyzstan	Manufacture, marketing and sale of tobacco products in Kyrgyzstan	98.6
Société Ivoirienne des Tabacs S.A. ² , Ivory Coast	Manufacture, marketing and sale of tobacco products in the Ivory Coast	74.1
Tutunski Kombinat AD, Macedonia	Manufacture, marketing and sale of tobacco products in Macedonia	99.1

The principal joint ventures of the Company, acquired on 25 January 2008 through the acquisition of Altadis, are shown below. They are unlisted.

Incorporated overseas		Percentage owned ¹
Name and country of incorporation	Principal activity	
Corporación Habanos, S.A., Cuba	Export of cigars manufactured in Cuba	50.0
Altavana S.L., Spain	Holding investments in subsidiary companies involved in the marketing and sale of Cuban cigars	50.0

In addition, the Company also wholly owns the following partnership:

Name and country	Principal activity
Imperial Tobacco (EFKA) GmbH & Co. KG, Germany	Manufacture of tubes in Germany
Principal place of business: Industriestrasse 6, Postfach 1257, D-78636 Trossingen, Germany	

With the exception of Imperial Tobacco Finance PLC, Imperial Tobacco France S.A.S., Société National d'Exploitation Industrielle des Tabacs et des Allumettes S.A. and Tobaccor S.A.S., which are wholly owned by the Company, none of the shares in the subsidiaries are held by the Company.

¹ The percentage of issued share capital held by immediate parent and the effective voting rights of the Company are the same, with the exception of Altadis USA Inc., and Altadis Financial Services S.N.C. where the entire issued share capital, and therefore 100% of the voting rights, was held by a number of Group companies. From late September 2008 Altadis Financial Services S.N.C. is 100% owned by Altadis S.A..

² Listed on the Stock Exchange of the Ivory Coast.

³ The outstanding 49% minority shareholding in 800 JR Cigar Inc. was acquired on 7 October 2008.