



**Imperial Tobacco Group PLC
1997 Accounts**

Financial Highlights

	(in £'s million)	1997	1996
Turnover		3,878 up 2%	3,820
Operating profit		391 up 5%	* 373
UK operating profit		312 up 3%	303
International operating profit		79 up 13%	70
Operating margin		46.9%	47.8%
Pre-Tax profit		307	

	(in pence)	1997
Earnings per share		40.7
Dividend per share		21.4

The results for 1997 relate to the 52 weeks from commencement of trading on 1 October 1996 to 27 September 1997. The results for 1996, where appropriate, are taken from the profit and loss account of Imperial Tobacco Limited for the 52 weeks ended 28th September 1996.

*Operating profit for 1996 is before charging £7m demerger costs.

Summary financial statement

The directors of Imperial Tobacco Group PLC have pleasure in presenting the summary financial statement for the period from the company's incorporation to 27th September 1997.

The company was incorporated on 6th August 1996 as Imperial Tobacco Group PLC for the purpose of enabling the proposed demerger of the tobacco interests of Hanson PLC. The company was successfully floated on the London Stock Exchange and commenced trading on 1st October 1996.

Summary directors' report

The principal activities of the group, a review of its operations, the progress it has made in the period under review and likely future developments are set out in the Chairman's statement and the Chief Executive's review. The financial results for the period ended 27th September 1997 are summarised below.

Directors

The current directors, were appointed on 6th August 1996. A J Clare and J A Parr were appointed as the first directors of the company on 6th August 1996 and resigned from the board on the same day.

Financial results and dividends

The profit after taxation for the 52 week period from commencement of trading was £212m.

The directors have declared dividends as follows:

Ordinary shares	£m
Interim paid, 7.2p per share	37
Proposed final, 14.2 per share	74
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Total ordinary dividends, 21.4p per share	111

The final dividend will be paid on 13th February 1998 to shareholders whose names are on the register of members at the close of business on 12th December 1997.

Summary financial statement

This financial statement is a summary of information in the Annual Report and Accounts 1997. As such, it does not contain sufficient information to allow for a full understanding of the results of the group and state of affairs of the company and the group as would be provided by full financial statements. For further information, the full annual accounts, the auditors' report on those accounts, and the directors' report should be consulted. Those shareholders who receive only the Annual Review but would like to receive, free of charge, the Annual Report and Accounts for this year and/or all future years should write to the company's registrars, or Citibank, the ADR Depository.

Auditors The auditors' report on the annual accounts of the group was unqualified and did not contain a statement under either section 237(2) of the Companies Act 1985 (accounting records or returns inadequate or accounts not agreeing with records and returns) or section 237(3) (failure to obtain necessary information and explanations).

Auditors' statement to the members of Imperial Tobacco Group PLC

We have examined the summary financial statement set out in the following reports.

Respective responsibilities of directors and auditors The summary financial statement is the responsibility of the directors. Our responsibility is to report to you our opinion on its preparation and consistency with the annual financial statements and directors' report.

Basis of opinion We conducted our work in accordance with Auditing Guideline, "The auditors' statement on the summary financial statement" adopted by the Auditing Practices Board.

Opinion In our opinion the summary financial statement is consistent with the annual financial statements and the directors' report of Imperial Tobacco Group PLC for the period ended 27th September 1997 and complies with the requirements of section 251 of the Companies Act 1985, and the regulations made thereunder.

Coopers & Lybrand Chartered Accountants and Registered Auditors. Bristol, 1st December 1997

Summary consolidated profit and loss account

for the period from 6th August 1996 to 27th September 1997

(in £'s million)	Imperial Tobacco Group PLC 1997	Imperial Tobacco Limited 1996
Turnover	3,878	3,820
Duty in turnover	(3,044)	(3,040)
Costs and overheads less other income	(443)	(414)
Operating profit	391	366
Interest	(84)	-
Profit on ordinary activities before taxation	307	366
Taxation	(95)	(19)
Profit on ordinary activities after taxation	212	347
Dividends	(111)	(157)
Surplus for the period transferred to reserves	101	190
Earnings per ordinary share (in pence)	40.7	
Dividends per ordinary share (in pence):		
Interim	7.2	
Proposed final	14.2	

The turnover and profit figures above are directly related to continuing operations. There is no difference between the profit as shown above and that calculated on an historical cost basis.

Segmental information (by destination)

(in £'s million)	Imperial Tobacco Group PLC 1997	Imperial Tobacco Limited 1996
Turnover		
UK	3,536	3,520
International	342	300
	3,878	3,820
Duty in Turnover		
UK	2,905	2,897
International	139	143
	3,044	3,040
Operating profit		
UK	312	303
International	79	70
Trading operations	391	373
Exceptional item - demerger costs	-	(7)
	391	366

Summary consolidated balance sheet

at 27th September 1997

(in £'s million)	1997	1996
Fixed Assets		
Tangible assets	111	79
Investments	4	-
	115	79
Current assets		
Stocks	454	148
Debtors	182	358
Investments	115	97
Cash	96	37
	847	640
Creditors: amounts falling due within one year	(747)	(502)
Net current assets	100	138
Total assets less current liabilities	215	217
Creditors: amounts falling due after more than one year	(1,276)	(1,205)
Provisions for liabilities and charges	(16)	(19)
Net liabilities	(1,077)	(1,007)
Capital and reserves		
Called up share capital	(52)	52
Other reserves	(1,230)	(1,059)
Profit and loss account	101	-
Shareholders' funds	(1,077)	(1,007)

Reconciliation of movements in shareholders' funds

(in £'s million)	1997
Profit on ordinary activities after taxation	212
Dividends	(111)
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	101
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Foreign currency adjustments for the period	(2)
Goodwill written off during the period - Rizla acquisition	(169)
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Net reduction in shareholders' funds	(70)
Shareholders' funds at 1 October 1996	(1,007)
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Shareholders' funds at 27 September 1997	(1,077)