



**Imperial Tobacco Group PLC
1998 Accounts**

Financial Highlights

(in £'s million)	1998	1997	1996
Turnover	4,029 up 4%	3,878	3,820
Operating profit	436 up 12%	391	* 373
UK operating profit	319 up 2%	312	303
International operating profit	117 up 48%	79	70
Pre-tax profit	325 up 6%	307	
Profit after tax	231 up 9%	212	

(in pence)	1998	1997
Earnings per share	44.5 up 9%	40.7
Dividend per share	23.4 up 9%	21.4

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 year to 26th September 1998.

Summary directors' report

The principal activities of the group, a review of its operations, the progress it has made in the year 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 year ended 26th September 1998 are summarised below.

Directors

In accordance with article 113 of the company's articles of association Mr D C Bonham, Mr G Davis and Mr R Dyrbus retire at the annual general meeting and being eligible, offer themselves for re-election.

Financial results and dividends

The profit after taxation for the financial year was £231m as shown in the Summary consolidated profit and loss account.

The directors have declared dividends as follows:

Ordinary shares (in £'s million)	1998	1997
Interim paid, 7.6p per share (1997: 7.2p)	39	37
Proposed final, 15.8p per share (1997: 14.2p)	82	74
Total ordinary dividends, 23.4p per share (1997: 21.4p)	121	111

The final dividend will be paid on 12th February 1999 to shareholders whose names are on the register of members at the close of business on 11th December 1998.

Summary financial statement

This financial statement is a summary of information in the Annual Report and Accounts 1998. 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 auditor's report on those accounts, and the director's 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 auditor's 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 statements, which is set out on the following pages.

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 director's 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 director's report of Imperial Tobacco Group PLC for the year ended 26th September 1998 and complies with the requirements of section 251 of the Companies Act 1985, and the regulations made thereunder.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Bristol
30th November 1998

Summary Consolidated profit and loss account

for the 52 weeks ended 26th September 1998

(in £'s million)	1998	1997
Turnover	4,029	3,878
Duty in turnover	(3,081)	(3,044)
Costs and overheads less other income	(512)	(443)
Operating profit	436	391
Net interest	(111)	(84)
Profit on ordinary activities before taxation	325	307
Taxation	(94)	(95)
Profit on ordinary activities after taxation	231	212
Dividends	(121)	(111)
Retained profit for the year	110	101
Earnings per ordinary share (in pence)	44.5	40.7
Dividends per ordinary share (in pence):		
Interim	7.6	7.2
Proposed final	15.8	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)	1998	1997
Turnover			
UK		3,521	3,536
International		508	342
		4,029	3,878
Operating profit			
UK		319	312
International		117	79
		436	391

Summary consolidated balance sheet

at 26th September 1998

(in £'s million)	1998	1997
Fixed Assets		
Tangible assets	139	111
Investments	9	4
	148	115
Current assets		
Stocks	295	454
Debtors	420	182
Investments	142	115
Cash	72	96
	929	847
Creditors: amounts falling due within one year	(1,566)	(747)
Net current (liabilities) / assets	(637)	100
Total assets less current liabilities	(489)	215
Creditors: amounts falling due after more than one year	(1,144)	(1,276)
Provisions for liabilities and charges	(28)	(16)
Net liabilities	(1,661)	(1,077)
Capital and reserves		
Called up share capital	(52)	52
Other reserves	(1,924)	(1,230)
Profit and loss account	211	101
Shareholders' funds	(1,661)	(1,077)

Reconciliation of movements in shareholders' funds

(in £'s million)	1998	1997
Profit on ordinary activities after taxation	231	212
Dividends	(121)	(111)
Retained profit for the year	110	101
Goodwill		
- at cost	(668)	(169)
- exchange adjustment	(39)	-
Exchange adjustments		
- on net investments including goodwill	40	(2)
- on related borrowings	(39)	-
Taxation credit on retranslation of related borrowings	12	-
Net reduction in shareholders' funds	(584)	(70)
Opening shareholders' funds	(1,077)	(1,007)
Closing shareholders' funds	(1,661)	(1,077)